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# Minutes

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**To:** NCPA Finance Committee  
**From:** Trisha Zimmer  
**Subject:** November 15, 2022 Finance Committee Meeting Minutes

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## 1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:32am.

The meeting attendees either present or participating remotely were as follows: Finance Committee representatives: Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), Ann Hatcher (Santa Clara), and Eric Campbell (Roseville); NCPA Staff: Monty Hanks, Sondra Ainsworth, and Jane Luckhardt, as well as Michael Berwanger and Louise Houghton of PFM, Corey Marty, Michael Drever, Greg Dawley, and Robert Wong of RBC, DeAnna Hilbrants of Santa Clara, and Khaly Nguyen from Port of Oakland. 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 August 9, September 15, and October 11, 2022 Finance Committee Meetings

Motion: A motion was made by Robert Orbeta (Alameda) and seconded by Eric Campbell (Roseville) to approve the August 9, September 15 and October 11, 2022. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), Eric Campbell (Roseville), and Ann Hatcher (Santa Clara). The motion passed.

## REPORTS AND COMMITTEE ACTION ITEMS

### 3. Prepaid Energy Transaction Overview – Investment banking firm RBC provided a presentation and overview of Clean Energy Acquisition Revenue (CLEAR) Bonds. RBC explained the mechanics and estimated savings of a 12 year prepaid energy transaction that closely matches the PPA NCPA is negotiating with Calpine. This funding vehicle could be an option for the participants to consider in the future as it reflected an estimated savings of approximately 5% or about \$40 million. Staff will continue to monitor and report on this option at future meetings.

- 4. Report on Current Financial Market Conditions or Issues** - PFM provided an update on the current market conditions. August saw rates increase in response to market data releases in early August and comments from the Fed later in the month at the Jackson Hole Symposium. As expected, Fed Funds were raised by 75bps at the September FOMC meeting, bringing the benchmark rate to 3.00-3.25%. CPI came in higher than expected on October 13, leaving little doubt that the FOMC would implement another 75 bps rate hike in November. AAA MMD position shows the increased rates but still below the historical averages. Municipal bond fund outflows continued through October with Lipper reporting net outflows of \$2.4 billion for the week ending November 2. New issuance volume was down 40.3% year over year in October, and year to date new issuance was 16.4% lower than 2021 issuance through October. The market expects another 50 bps in Fed Fund rate hikes this year but sees rates peaking in 2023. LIBOR has experienced steady growth since February, while SOFR and SIFMA have continued to make significant stepped jumps following Fed rate hikes.
- 5. Reserve Requirements Study Updates** – Since last report, staff received direction from the LEC PPC Committee that they do not want to change the current structure for working capital. Staff and Committee members are supportive of the program deposit recommendations and agree with keeping the current working capital structures as is and not to go with the consultant's recommended changes. The projects' working capital provides adequate liquidity, and historical use of the maintenance reserves to funds project contingencies such as equipment failures negates the need to create project specific contingency reserves. Staff will contact the plant managers to verify that the minimum reserve required levels are sufficient and report back to the Committee.
- 6. Delegation of Investment Duties to the Treasurer-Controller** - Formal delegation of investment duties to the Treasurer-Controller is required annually. Staff recommends delegating authority to NCPA's Treasurer-Controller, Sondra Ainsworth, for investment duties in accordance with Government Code 53607.  
Motion: A motion was made by Robert Orbeta (Alameda) and seconded by Melissa Price (Lodi) recommending to delegate investment duties to the Treasurer-Controller. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and Eric Campbell (Roseville). Ann Hatcher (Santa Clara) was absent. The motion passed.
- 7. Acceptance of the 2023 Finance Committee Meeting Calendar** – The Committee reviewed the scheduled dates for 2023 Finance Committee meetings. There were no objections or changes.

## **NEW BUSINESS**

- 8. Other Items of Interest to the Finance Committee** – Ann Hatcher is retiring at the end of this year. Monty Hanks thanked her for her participation and contribution to the Finance Committee since she began serving in 2016. The Finance Committee will need to appoint a new Committee member to replace Ann and get that ratified by the Commission.
- 9. Next Finance Committee Meeting**  
The next regular Finance Committee meeting is scheduled for February 7, 2023 at 10:30am.

## **ADJOURNMENT**

The meeting was adjourned at 12:15pm.