

## MINUTES

ACWA/JOINT POWERS INSURANCE AUTHORITY

Unapproved 3/30/11

Approved 7/18/11

FINANCE & AUDIT COMMITTEE MEETING "SPECIAL MEETING"

JPIA EXECUTIVE CONFERENCE ROOM

2100 Professional Drive

Roseville, CA 95661

Monday, March 30, 2011

### MEMBERS PRESENT

Chairman: Eldon Boone, Vista Irrigation District (by Spiderphone)  
Mark Gardner, Wheeler Ridge Maricopa Water Storage District (by Spiderphone)  
Michael Grandy, El Toro Water District (by Spiderphone)  
Suha Kilic, Pebble Beach Community Services District (by Spiderphone)  
Dennis Michum, Glenn-Colusa Irrigation District (by Spiderphone)  
Tom Scaglione, Vallecitos Water District (by Spiderphone)

### MEMBERS ABSENT

Steve Ruetters, Kern County Water Agency

### STAFF PRESENT

Chief Operations Officer: Walter "Andy" Sells  
David deBernardi, Director of Finance  
John Gilstrap, Director of Member Services  
Cece Reynolds, Administrative Assistant II  
Nancy Stangel, Director of Administration  
Dianna Sutton, Finance Manager  
Bobbette Wells, Executive Assistant to the CEO (Recording Secretary)

### OTHERS PRESENT

Joseph Dion, Citrus Heights Water District  
David Hodgkin, Scotts Valley Water District (by Spiderphone)  
Melody McDonald, San Bernardino Valley Water Conservation District (by Spiderphone)  
Sarah Meacham, PFM Asset Management LLC (by Spiderphone)

### WELCOME

Chairman Boone called the meeting to order at 2:32 p.m. and welcomed all in attendance by Spiderphone (conference call). He noted that the special meeting of the Finance & Audit Committee had a quorum.

### PUBLIC COMMENT

None.

## PROPOSED CONTRACT CHANGES WITH PFM ASSET MANAGEMENT LLC

In November 2008, PFM Asset Management LLC (PFM) began managing approximately two-thirds of the JPIA's investment portfolio. The current agreement with PFM expires in the fall of 2011. The current fee structure is outlined as follows:

Up to \$50 million	10 basis points
\$50 million – 100 million	7.5 basis points
Greater than \$100 million	6 basis points

The current agreement also calls for it to be a nondiscretionary arrangement. At this time, every portfolio decision made PFM must obtain JPIA approval before it can be executed.

Recently, PFM proposed offering their services to ACWA Health Benefits Authority (HBA). The proposed fee schedule in that proposal was as follows:

Up to \$25 million	10 basis points
\$25 million – 50 million	8 basis points
Greater than \$50 million	7 basis points

In that proposal, the JPIA was listed as a reference. PFM has agreed to offer the same fee schedule as an amendment to the current contract, with the provision that the JPIA give PFM discretionary authority to manage the investments, as proposed to HBA. It was noted upon review that the JPIA would stand to save up to \$6,000 a year in fees, if the fee schedule were the same as that offered to HBA.

After careful discussion of the proposed management fee savings and the comfort level the Committee has with PFM, it was agreed that the JPIA should move ahead with the amendment to the current contract, as proposed. The Committee was assured that staff would continue to monitor all transactions by PFM and would continue to receive Bloomberg trade tickets. It was agreed that allowing PFM discretionary authority would provide the JPIA portfolio with greater investment opportunities than would have been available before.

M/S/C (Scaglione/Grandy) (Yes – 6, No – 0): That Finance & Audit Committee approve the amendment to the contract of PFM Asset Management LLC as presented, and forward to the Executive Committee for approval.

## ADJOURNED

Meeting was adjourned at 2:54 p.m.