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Approved Minutes 08 29 2017

Finance & Audit Committee Meeting

ACWA JPIA Executive Conference Room
2100 Professional Drive,
Roseville, CA 95661
(800) 231-5742

March 20, 2017

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Phillips - 6332 Clark Road, Paradise
- Ruettgers – 3200 Rio Mirada Drive, Bakersfield

MEMBERS PRESENT

Chairman: Tom Scaglione, Vallecitos Water District
Dennis Michum, Glenn-Colusa Irrigation District
Kevin Phillips, Paradise Irrigation District (*via WebEx*)
Steve Ruettgers, Kern County Water Agency (*via WebEx*)

MEMBERS ABSENT

Suha Kilic, Pebble Beach Community Services District
Carrie Corder, Cucamonga Valley Water District
Jim Smith, Wheeler Ridge-Maricopa Water Storage District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter “Andy” Sells
Carol Barake, Risk Management Program Manager
Linda Craun, Administrative Assistant II
Robert Greenfield, General Counsel
Erik Kowalewski, System/Network Administrator (*via WebEx*)
Cece Reynolds, Accountant II (Recording Secretary)
Patricia Slaven, Director of Administration
Dan Steele, Lead Accountant
Dianna Sutton, Finance Manager
Karen Thesing, Director of Insurance Services
Melody Tucker, Workers’ Compensation Claims Manager
Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Tom Cuquet, South Sutter Water District
David Drake, Rincon del Diablo Municipal Water District
Dennis Erdman, South Coast Water District
E.G. “Jerry” Gladbach, Castaic Lake Water Agency (*via WebEx*)
David Hodgins, Scotts Valley Water District
W.D. “Bill” Knutson, Yuima Municipal Water District
Melody McDonald, San Bernardino Valley Water Conservation District
Sarah Meacham, PFM Asset Management
Bruce Rupp, Humboldt Bay Municipal Water District
Neil Schild, Sacramento Suburban Water District (*via WebEx*)

WELCOME

Chairman Scaglione welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Scaglione called the meeting to order at 1:02 pm. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Scaglione announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chairman Scaglione noted that, as the agenda stated, members of the public would be allowed to address the Finance & Audit Committee on any agenda item prior to the Committee’s decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Scaglione introduced everyone in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Scaglione asked for any additions to, or deletions from, the agenda; none requested.

APPROVAL OF MINUTES

Chairman Scaglione called for approval of the minutes of the February 28, 2017 meeting.

M/S/C (Michum/Phillips) (Michum-Yes; Phillips-Yes; Ruettgers-Yes; Scaglione-Yes): That the Finance & Audit Committee approve the minutes of the February 28, 2017 meeting.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

LONG-TERM INVESTMENT PORTFOLIO UPDATE

Mr. Sells recognized Ms. Meacham for her promotion to Managing Director at PFM Asset Management, Inc.

PFM presented a summary of the investment portfolio managed by them. This presentation included commentary on the current market and thoughts about managing the investments going forward.

Ms. Meacham began her presentation with an overview of the economy, labor market, and a 2016 fourth quarter recap. The diversification of the portfolio and maturity distribution was also discussed. The big news in fourth quarter is that the Federal Reserve raised interest rates 0.25-0.50 to 0.50-0.75. It is only the second time in a decade that rates were raised.

Ms. Meacham stated that JPIA's total return on the portfolio since inception continues to be above the Bank of America Merrill Lynch 1-5 Year U.S. Government Index benchmark. The portfolio is well diversified and is comprised of high quality securities.

Mr. Sells discussed the extension of the investments past the five year maturity mark in order to align with our programs, such as workers' compensation. Ms. Meacham felt the timing may not be the best, but offered to bring back information at a later meeting.

A handout was provided by Ms. Meacham with a detailed summary of the investment portfolio.

PROPOSED OPERATION BUDGET FOR FISCAL YEAR 2017-18

In March of each year, a proposed Operating Budget is submitted to the Finance & Audit Committee and then to the Executive Committee for approval. At the May conference, the proposed Operating Budget is presented for approval to the Board of Directors. The budget covers General & Administrative (G&A) Expenses for the fiscal year ending September 30, 2018.

The most significant changes to the G&A budget for the fiscal year are computer equipment, software, office furniture and external claims administration. Computer equipment, software, and office furniture encompasses increases due to bSwift, Castlight and Ventiv software. bSwift and Castlight are software used in the Employee Benefits program to help users make informed decisions about choosing healthcare providers. Ventiv is software being customized for the JPIA to assist with the member database while integrating it with member districts. Collectively, these software programs make up just under \$800,000 of the budget.

The decrease of external claims administration is due to the JPIA no longer expected to pay large amounts related to the Affordable Care Act which encompassed just under \$300,000 in the previous budget.

The overall increase in the operating budget is 2.5% (line 36). Salaries remain the largest line item in the budget.

The Finance Committee members requested that the Programs Claims Audits be moved from Line 31 to Line 32.

M/S/C (Ruettgers/Michum) (Michum-Yes; Phillips-Yes; Ruettgers-Yes; Scaglione-Yes): That the Finance & Audit Committee approve the proposed Operating Budget for the fiscal year ending September 30, 2018 as presented, and forward to the Executive Committee for approval, with final approval from the Board of Directors at Spring Conference.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting(s)

The next scheduled Finance & Audit Committee meeting is scheduled for August 29, 2017 at 1:00 p.m. No conflicts were noted.

The Finance & Audit Committee meeting adjourned at 2:07 pm.