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Approved 11.27.17

Finance & Audit Committee Meeting

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

August 29, 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:

- Corder – 10440 Ashford Street, Rancho Cucamonga
- Kilic – 3101 Forest Lake Road, Pebble Beach
- Michum – 344 East Laurel Street, Willows
- Ruettggers – 3200 Rio Mirada Drive, Bakersfield
- Smith – 3200 Rio Mirada Drive, Bakersfield

MEMBERS PRESENT

Chairman: Tom Scaglione, Vallecitos Water District
Carrie Corder, Cucamonga Valley Water District (*via WebEx*)
Suha Kilic, Pebble Beach Community Services District (*via WebEx*)
Dennis Michum, Glenn-Colusa Irrigation District (*via WebEx*)
Kevin Phillips, Paradise Irrigation District
Steve Ruettggers, Kern County Water Agency (*via WebEx*)
Jim Smith, Wheeler Ridge-Maricopa Water Storage District (*via WebEx*)

MEMBERS ABSENT

No Committee members were absent.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter “Andy” Sells
David deBernardi, Director of Finance
Linda Craun, Administrative Assistant II
Robert Greenfield, General Counsel
Cece Reynolds, Accountant II (Recording Secretary)
Patricia Slaven, Director of Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Lead Accountant
Dianna Sutton, Finance Manager
Karen Thesing, Director of Insurance Services
Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Richard Babbe, PFM Asset Management
Paul Dorey, Vista Irrigation District

David Drake, Rincon del Diablo Municipal Water District
E.G. "Jerry" Gladbach, Castaic Lake Water Agency
Brent Hasteley, Yuba County Water Agency
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
Kathy Tieggs, Cucamonga Valley Water District

WELCOME/INTRODUCTIONS

Chairman Scaglione welcomed and introduced everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Scaglione called the meeting to order at 1:04 p.m. 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.

EVACUATION PROCEDURES

Mr. Sells briefly reviewed the building evacuation procedures.

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.

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 March 20, 2017 meeting.

M/S/C (Phillips/Kilic) (Corder-Yes; Kilic-Yes; Michum-Yes; Phillips-Yes; Ruettgers-Yes; Smith-Yes; Scaglione-Yes): That the Finance & Audit Committee approve the minutes of the March 20, 2017 meeting.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

LONG-TERM INVESTMENT PORTFOLIO UPDATE

Ms. Meacham introduced Richard Babbe, a Senior Managing Consultant, who has been with PFM Asset Management for almost 20 years. Mr. Babbe began his presentation with an overview of the economy, labor market and a 2017 second quarter review of JPIA's economic portfolio.

Ms. Meacham began her presentation with a second quarter 2017 recap. The JPIA's total return on the portfolio since inception has been above the Bank of America/Merrill Lynch 1-5 Year U.S. Government Index benchmark. The portfolio is well diversified, is comprised of high quality securities and has outperformed the benchmark by an annual average of 0.30% since inception. The diversification of the portfolio and maturity distribution was also discussed.

PROPOSED ORGANIZATIONAL GOALS

Mr. Sells began his discussion stating that the Executive Committee will finalize the organizational goals for the 2017-18 fiscal year at their upcoming meeting. Mr. Sells reviewed the possibility of exploring a Captive Insurance Company. The potential benefit to the JPIA was discussed. Mr. Sells recommended scheduling a meeting at the upcoming Fall Conference. Members of the Finance & Audit Committee confirmed they would be present to attend the meeting on November 27, 2017.

INVESTMENT POLICY

The JPIA's Investment Policy is evaluated on an annual basis and approved by the Board of Directors at the JPIA's Fall Conference. The current Investment Policy was last approved in November 2016. Mr. deBernardi presented a copy of the current Investment Policy that had been marked in add/delete format with recommended revisions made by JPIA staff and investment advisor, PFM Asset Management. Ms. Meacham relayed to the Committee that the majority of the changes to the policy were cosmetic in nature, many were due to meeting the standards set by the California Municipal Treasurers Investment Policy Certification Program and Application Process (CMTA). Staff intends to submit the Investment Policy to the CMTA for certification.

The Finance & Audit Committee recommend approval of the Investment Policy, with proposed changes, to the Executive Committee and final approval by the Board of Directors at Fall Conference.

M/S/C (Phillips/Corder) (Corder-Yes; Michum-Yes; Phillips-Yes; Ruettgers-Yes; Smith-Yes; Scaglione-Yes): That the Finance & Audit Committee recommend that the Executive Committee approve the proposed changes to the Investment Policy, with final approval of the Board of Directors at the Fall Conference.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting(s)

The next scheduled Finance & Audit Committee meeting, November 27, 2017 at 8:30 a.m. No conflicts were noted.

The Finance & Audit Committee meeting adjourned at 2:10 p.m.