



Approved 03.20.2019

## Finance & Audit Committee Meeting

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

**September 17, 2018**

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
- Ruettgers – 3200 Rio Mirada Drive, Bakersfield

### MEMBERS PRESENT

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Chairman: Kevin Phillips, Paradise Irrigation District

Vice-chair: Carrie Corder, Cucamonga Valley Water District (*via WebEx*)

Marlene Kelleher, Vista Irrigation District

Suha Kilic, Pebble Beach Community Services District (*via WebEx*)

Steve Ruettgers, Kern County Water Agency (*via WebEx*)

Jim Smith, Wheeler Ridge-Maricopa Water Storage District

### MEMBERS ABSENT

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Dennis Michum, Glenn-Colusa Irrigation District

### STAFF PRESENT

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Chief Executive Officer/Secretary: Walter “Andy” Sells

Carol Barake, Risk Management Program Manager

Linda Craun, Administrative Assistant II

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Cece Reynolds, Accountant II (Recording Secretary)

Patricia Slaven, Director of Human Resources and 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

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Richard Babbe, PFM Asset Management

Thomas Cuquet, South Sutter Water District

Paul Dorey, Vista Irrigation District

David Drake, Rincon del Diablo Municipal Water District

E.G. “Jerry’ Gladbach, Castaic Lake Water Agency (*via WebEx*)  
David Hodgin, Scotts Valley Water District  
W.D. “Bill” Knutson, Yuima Municipal Water District  
Steve LaMar, Irvine Ranch Water District, ACWA V.P.  
Sarah Meacham, PFM Asset Management  
Bruce Rupp, Humboldt Bay Municipal Water District  
Kathy Tiegs, Cucamonga Valley Water District

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## **WELCOME/INTRODUCTIONS**

Chairman Phillips welcomed and introduced everyone in attendance.

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## **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

Chairman Phillips called the meeting to order at 1:00 p.m. He announced there was a quorum.

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## **ANNOUNCEMENT RECORDING OF MINUTES**

Chairman Phillips 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.

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## **EVACUATION PROCEDURES**

Mr. Sells briefly reviewed the building evacuation procedures.

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## **PUBLIC COMMENT**

Chairman Phillips 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.

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## **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

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

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## **APPROVAL OF MINUTES**

Chairman Phillips called for approval of the minutes of the March 19, 2018 meeting.

M/S/C (Corder/Smith) (Corder-Yes; Kelleher-Yes; Kilic-Yes; Ruettgers-Yes; Smith-Yes; Phillips-Yes): That the Finance & Audit Committee approve the minutes of the March 19, 2018 meeting.

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## **MEETINGS ATTENDED ON BEHALF OF THE JPIA**

None reported.

## **LONG-TERM INVESTMENT PORTFOLIO UPDATE**

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PFM presented a summary of the Investment Portfolio which they manage for the JPIA. This presentation included commentary on the current market and thoughts about managing the investments going forward.

Mr. Babbe began his presentation with an overview of the economy, labor market and a 2018 second quarter review of JPIA's economic portfolio. Mr. Babbe discussed an interest rate update stating that 2-year Treasury yields remain favorable for rates to trend higher during the remainder of 2018.

Ms. Meacham began her presentation with a second quarter 2018 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 0.33% since inception. The diversification of the portfolio and maturity distribution was also discussed.

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

## **INVESTMENT POLICY**

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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 2017. 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 (Marlene/Corder) (Corder-Yes; Kilic-Yes; Kelleher-Yes; Ruettgers-Yes; Smith-Yes; Phillips-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.

## **ACWA JPIA CAPTIVE STATUS REPORT**

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Mr. Sells began his discussion stating that informational Captive presentations were made at the Fall 2017 and Spring 2018 ACWA conferences. Mr. Sells relayed that a Request for Proposal was sent out in March, and Bickmore Risk

Services was selected to perform a feasibility study. The study has been completed and will be the basis of the final business plan.

There was discussion regarding the benefits of forming a Captive Insurance Company and presenting the resolution for approval to Board of Directors at the 2018 Fall Conference. Mr. Sells also stated that implementation will begin in October 2019 if approved.

Representatives from Bickmore were expected to be at the September Executive Committee meeting to present the highlights of the draft study.

## **MISCELLANEOUS**

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### Future Agenda Items

None stated.

### Availability for Upcoming Meeting(s)

The next scheduled Finance & Audit Committee meeting, April 1, 2019 at 1:00 p.m. No conflicts were noted.

The Finance & Audit Committee meeting adjourned 3:02 p.m.