



Approved 12.02.19

Finance & Audit Committee Meeting

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

September 09, 2019

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-Guarino – 10440 Ashford Street, Rancho Cucamonga
- Michum – 344 E. Laurel Street, Willows
- Ruettgers – 3200 Rio Mirada Drive, Bakersfield

MEMBERS PRESENT

Chairman: Kevin Phillips, Paradise Irrigation District

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

Marlene Kelleher, Vista Irrigation District

Dennis Michum, Glenn-Colusa Irrigation District (*via WebEx*)

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

MEMBERS ABSENT

Suha Kilic, Pebble Beach Community Services District

Jim Smith, Wheeler Ridge-Maricopa Water Storage District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells

Linda Craun, Administrative Assistant II (*WebEx Coordinator*)

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Erik Kowalewski, Systems/Network Administrator

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

Richard Babbe, PFM Asset Management

Fred Bockmiller, Mesa Water District

Thomas Cuquet, South Sutter Water District, Executive Committee Vice-chair

David Drake, Rincon del Diablo Municipal Water District

E.G. “Jerry’ Gladbach, Castaic Lake Water Agency, Executive Committee Chairman
Brent Haste, Yuba Water Agency
Melody McDonald, San Bernardino Valley Water Conservation District
Sarah Meacham, PFM Asset Management
J. Bruce Rupp, Humboldt Bay Municipal Water District
Kathy Tieg, Cucamonga Valley Water District

WELCOME/INTRODUCTIONS

Chairman Phillips welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Phillips called the meeting to order at 10:37 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Phillips announced that the meeting would be recorded to assist in preparation of minutes. Recordings are 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 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.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

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

APPROVAL OF MINUTES

Chairman Phillips called for approval of the minutes of the March 20, 2019 meeting.

M/S/C (Kelleher/Corder-Guarino) (Corder-Guarino-Yes; Kelleher-Yes; Michum-Yes; Ruettgers-Yes; Phillips-Yes): That the Finance & Audit Committee approve the minutes of the March 20, 2019 meeting.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

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 2018. After being reviewed by staff and the JPIA's investment advisor, there were proposed changes summarized in a memo from PFM. Mr. deBernardi presented a copy of the current Investment Policy in add/delete format with recommended revisions by JPIA staff and the investment advisor.

M/S/C (Ruettgers/Michum) (Corder-Guarino-Yes; Kelleher-Yes; Michum- Yes; Ruettgers-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.

LONG-TERM INVESTMENT PORTFOLIO UPDATE

Mr. deBernardi introduced Mr. Babbe and Ms. Meacham representing PFM to present 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 2019 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 2019. Mr. Babbe noted that growth will be slower going forward but rates have continued to decline.

Ms. Meacham began her presentation with a second quarter 2019 recap. The JPIA's total return on the portfolio since inception has outperformed the Bank of America/Merrill Lynch 1-5 Year U.S. Government Index benchmark by an annual average of 0.33%. The portfolio is well diversified and is comprised of high quality securities. The diversification of the portfolio and maturity distribution was also discussed.

REVIEW INTERIM FINANCIAL STATEMENTS

Ms. Sutton and Mr. Steele presented an overview of the June 30, 2019 Monthly Interim Financial Statements. They provided examples of how the Interim Financial Statements including charts and graphs are used by the JPIA.

CAPTIVE STATUS REPORT

Mr. Sells reported that the California Water Insurance Fund (CWIF) Board is up and moving and will be effective October 1, 2019. The CWIF Board selected PFM Asset Management as the investment manager for CWIF and that they are in the process of preparing an Investment Policy to be evaluated at the next meeting.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting(s)

The next scheduled Finance & Audit Committee meeting, December 2, 2019 at 8:30 a.m. at the Fall Conference in San Diego. No conflicts were noted.

The Finance & Audit Committee meeting adjourned 12:03 p.m.