



## Finance & Audit Committee Meeting

ACWA Joint Powers Insurance Authority  
2100 Professional Drive  
Roseville, CA 95661  
(800) 231-5742

**September 28, 2022**

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

- Jennifer Bryant – 7811 University Avenue, La Mesa, CA 91942
- Steve Ruetters – 3200 Rio Mirada Drive, Bakersfield, CA 93308

### MEMBERS PRESENT

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Chair: Melody McDonald, San Bernardino Valley Water Conservation District

Vice-chair: Bruce Rupp, Humboldt Bay Municipal Water District

Jennifer Bryant, Helix Water District (via zoom)

Kurtis Crawford, Yuba Water Agency

Steve Ruetters, Kern County Water Agency (via zoom)

Jim Smith, Wheeler Ridge-Maricopa Water Storage District

### MEMBERS ABSENT

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None.

### STAFF PRESENT

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Chief Executive Officer/Secretary: Walter “Andy” Sells

Adrienne Beatty, Assistant Executive Officer

Chimene Camacho, Executive Assistant to the CEO

Linda Craun, Administrative Assistant III

Sarah Crawford, Training Manager

David deBernardi, Director of Finance

Robin Flint, Risk Control Manager

Robert Greenfield, General Counsel

Kyle Hutchings, Senior Accountant

Eric Kowalewski, System/Network Administrator

Jennifer Nogosek, Liability and Property Claims Manager

Sylvia Robinson, Publications/Web Editor

Patricia Slaven, Director of HR & Administration

Sandra Smith, Employee Benefits Manager

Dan Steele, Finance Manager

Shelley Tippit, Accountant II (*Recording Secretary*)

### OTHERS IN ATTENDANCE

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Jack Burgett, North Coast County Water Agency

David Drake, Rincon del Diablo Municipal Water District  
Cathy Green, Orange County Water District  
Brent Hastey, Yuba Water Agency  
Chris Kapheim, Kings River Conservation District  
Randall J. Reed, Cucamonga Valley Water District  
Richard Babbe, PFM Asset Management

## **WELCOME/INTRODUCTIONS**

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Chair McDonald welcomed everyone in attendance.

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

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Chair McDonald called the meeting to order at 8:30 a.m. She announced there was a quorum.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Chair McDonald 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**

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Mr. Sells briefly reviewed the building evacuation procedures.

## **PUBLIC COMMENT**

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Chair McDonald 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**

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Chair McDonald asked for any additions to, or deletions from, the agenda; none requested.

## **APPROVAL OF MINUTES**

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Chair McDonald called for approval of the minutes of the March 30, 2022 meeting.

M/S/C (Rupp/Ruettgers) (Bryant-Yes, Crawford-Yes; Ruettgers-Yes; Smith-Yes; Rupp-Yes; McDonald-Yes): That the Finance & Audit Committee approve the minutes of the March 30, 2022 meeting.

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

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None reported.

## **INVESTMENT PORTFOLIO**

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Chair McDonald introduced Mr. Babbe 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 2022 second quarter review of JPIA's economic portfolio. The diversification of the portfolio and maturity distribution was also discussed.

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 0.30%. The portfolio continues to be well diversified and in compliance with policy and code.

## **INVESTMENT POLICY**

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Mr. Steele reported that the current Investment Policy was approved by the Board of Directors in November 2021. Every year, per the JPIA Bylaws, the Investment Policy must be approved by the Board of Directors.

After review by JPIA's investment advisor, PFM and staff, staff proposed a minor change to the Limitations/Diversification section, such that the Percentage of Investment Portfolio limit for commercial paper in the summary table matches the limits described under item 7 of the Permissible Investments section. The limit is 25% if the Authority has less than \$100 million of investment assets.

M/S/C (Rupp/Smith) (Bryant-Yes, Crawford-Yes; Ruettgers-Yes; Smith-Yes; Rupp-Yes; McDonald-Yes): That the Finance & Audit Committee recommends that the Executive Committee approve the change to the Investment Policy, and forward to the Board of Directors at the Fall Conference for approval.

## **LIABILITY AND WORKERS' COMPENSATION CAT FUND GOALS**

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Mr. deBernardi presented an overview of the Liability and Workers' Compensation Catastrophic Fund goals. In February of 2020, The JPIA Executive Committee set these goals at \$25 million for the Liability Program and \$15 million for the Workers' Compensation Program. The goals were determined from a review and discussion of estimated losses from the JPIA's actuary using 99% confidence level. Staff recommends the goals remain the same and be reviewed periodically.

M/S/C (Rupp/Bryant) (Bryant-Yes, Crawford-Yes; Ruettgers-Yes; Smith-Yes; Rupp-Yes; McDonald-Yes): That the Finance & Audit Committee

recommends that the Executive Committee keep the Catastrophic Fund goals unchanged.

## **CALIFORNIA WATER INSURANCE FUND**

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Mr. Sells reported that since the last Finance & Audit Committee meeting, the following has transpired with the Captive:

- As of June 30, 2022, the book value of the CWIF portfolio was \$157,026,786 vs a market value of \$142,576,647.
- The rate of return since inception is approximately 3.81% vs. a rate of return on the JPIA portfolio of approximately 0.89%.

## **MISCELLANEOUS**

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### Future Agenda Items

None stated.

### Availability for Upcoming Meeting

No meetings scheduled for the remainder of the year.

The Finance & Audit Committee meeting adjourned at 9:42 a.m.