



## Finance & Audit Committee Meeting

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

**September 27, 2023**

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

- Khalifa – 1965 Placentia Avenue, Costa Mesa
- Ruettgers – 3200 Rio Mirada Drive, Bakersfield
- Smith – 12109 Highway 166, Bakersfield

### **MEMBERS PRESENT**

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Chair: David Drake, Rincon del Diablo Municipal Water District

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

Kurtis Crawford, Yuba Water Agency

Marwan Khalifa, Mesa Water District (via Zoom)

Edward Lyons, Cachuma Operation and Maintenance Board

Steve Ruettgers, Kern County Water Agency (via Zoom)

Cindy Saks, San Bernardino Valley Municipal Water District

Jim Smith, Wheeler Ridge-Maricopa Water Storage District (via Zoom)

### **MEMBERS ABSENT**

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Jennifer Bryant, Helix Water District

### **STAFF PRESENT**

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Chief Executive Officer/Secretary: Walter “Andy” Sells

Adrienne Beatty, Assistant Executive Officer

Erin Bowles, Workers’ Compensation Claims Manager

Chimene Camacho, Executive Assistant to the CEO

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Jennifer Jobe, Director of Pooled Programs

Eric Kowalewski, System/Network Administrator

Kevin Phillips, Director of Member Outreach

Heidi Singer, Accountant II (*Recording Secretary*)

Dan Steele, Finance Manager

Shelley Tippit, Liability/Property Claims Assistant

Tony Waterford, HR Manager

## **OTHERS IN ATTENDANCE**

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Cathy Green, Orange County Water District  
Chris Kapheim, Kings River Conservation District  
Szu Pei Lu-Yang, Rowland Water District  
Melody McDonald, San Bernardino Valley WCD  
Sarah Meacham, PFM Asset Management  
Scott Ratterman, Calaveras County WD  
Randall J. Reed, Cucamonga Valley Water District  
Jeff Thomas, Orange Co MWD (via zoom)  
David Wheaton, Citrus Heights WD

## **WELCOME**

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Chair Drake welcomed everyone in attendance.

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

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Chair Drake called the meeting to order at 2:59 p.m. He announced there was a quorum.

## **PLEDGE OF ALLEGIANCE**

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Chair Drake led the Pledge of Allegiance.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Chair Drake 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 Ralph M. Brown Act.

## **EVACUATION PROCEDURES**

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Chair Drake briefly reviewed the building evacuation procedures.

## **PUBLIC COMMENT**

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Chair Drake 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**

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Chair Drake introduced the Executive Committee, staff, and others in attendance.

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

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

## **APPROVAL OF MINUTES**

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Chair Drake called for approval of the minutes of the March 22, 2023, meeting.

M/S/C (Rupp/Crawford) (Crawford-Yes; Khalifa-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes; Smith-Yes; Rupp-Yes; Drake-Yes): That the Finance & Audit Committee approve the minutes of the March 22, 2023 meeting.

## **INVESTMENT PORTFOLIO**

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Chair Drake introduced Ms. Meacham, PFM Asset Management, to present a summary of the Investment Portfolio. 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 2023 second quarter review of JPIA's investment portfolio. The diversification of the portfolio and maturity distribution were also discussed.

The JPIA's total return on the portfolio over 10 years has outperformed the Bank of America/Merrill Lynch 1-5 Year U.S. Government Index benchmark by an annual average of 0.37%. The portfolio continues to be well diversified and is in compliance with policy and code.

Ms. Meacham also went over current investment preferences versus those of a quarter ago.

## **INVESTMENT POLICY**

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Mr. deBernardi reported that the current Investment Policy was approved by the Board of Directors in November 2022. Every year, per the JPIA Bylaws, the Investment Policy must be reviewed and approved by the Board of Directors.

After review by JPIA's investment advisor, PFM and staff, staff proposed a minor change to add wording under the Limitations/Diversification section to clarify the date used to measure maturity as the settlement date.

M/S/C (Khalifa/Rupp) (Crawford-Yes; Khalifa-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes; Smith-Yes; Rupp-Yes; Drake-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.

## **CALIFORNIA WATER INSURANCE FUND**

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Chair Drake reported on the CWIF meetings that occurred on May 25<sup>th</sup> and June 21<sup>st</sup>.

- During the May 25<sup>th</sup> meeting, the Executive Committee recommended, and the CWIF Board of Directors approved a Dividend Declaration of \$1,500,000.00.
- During the June 21<sup>st</sup> meeting, the Executive Committee recommended, and the CWIF Board of Directors approved the Reinsurance Agreement for the Workers' Compensation Program for Policy Year 2023-24.

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

- Rate of Return since inception (as of July 31, 2023) is 3.6%.
- As of July 31, 2023, the book value of the CWIF portfolio was \$167,365,053.00 vs a market value of \$172,749,645.00. The rate of return since inception reported from PFM was valued at 3.6%, whereas typical returns on the JPIA fixed-income portfolio range from 1% to 2% (per year) in most cases.

## **CLAIMS CASH FLOW UPDATE JPIA/CWIF**

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Mr. deBernardi reported on how funds were historically used and how they will need to be managed moving forward as funds are now invested and housed in CWIF. Staff discussed the changes and strategies the JPIA has used to ease this situation.

## **FINANCE DEPARTMENT UPDATE**

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Mr. Steele gave an update on various upcoming projects.

- Preparation for the close of fiscal year 2022-23 and the audit with Gilbert CPAs.
- Implementation of Yooz automated Accounts Payable software
- Rollout of Visa Spend Clarity
- IDMS software update

## **DISCUSS NEXT MEETING**

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Availability for next meeting: The Finance & Audit Committee is scheduled to meet next on March 22, 2024.

The Finance & Audit Committee meeting adjourned at 4:30 p.m.