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Approved 9.27.2023

Finance & Audit Committee Meeting

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

March 22, 2023

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

- Jennifer Bryant – 7811 University Avenue, La Mesa, CA 91942
- Steve Ruetters – 3200 Rio Mirada Drive, Bakersfield, CA 93308 (left at 2:15 p.m.)
- Edward Lyons – 3301 Laurel Canyon Road, Santa Barbara
- Jim Smith – 12109 Highway 166, Bakersfield

MEMBERS PRESENT

Chair: David Drake, Rincon del Diablo Municipal Water District

Vice Chair: Bruce Rupp, Humboldt Bay Municipal Water District

Jennifer Bryant, Helix Water District (via zoom)

Kurtis Crawford, Yuba Water Agency

Marwan Khalifa, Mesa Water District

Edward Lyons, Cachuma Operation and Maintenance Board (via zoom)

Steve Ruetters, Kern County Water Agency (via zoom)

Cindy Saks, San Bernardino Valley Municipal Water District

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

MEMBERS ABSENT

None

STAFF PRESENT

Chief Executive Officer/Secretary: Walter “Andy” Sells

Adrienne Beatty, Assistant Executive Officer

Chimene Camacho, Executive Assistant to the CEO

David deBernardi, Director of Finance

Robin Flint, Risk Control Manager

Robert Greenfield, General Counsel

Erik Kowalewski, Network/Systems Administrator

Jennifer Nogosek, Liability and Property Claims Manager

Olivia Sayad, Administrative Assistant II

Heidi Singer, Accountant II

Sandra Smith, Employee Benefits Manager

Dan Steele, Finance Manager

Shelley Tippit, Accountant II (*Recording Secretary*)

Melody Tucker, Workers' Compensation Claims Manager
Tony Waterford, Human Resources Manager
Mike Whitright, Network Specialist

OTHERS IN ATTENDANCE

Fred Bockmiller, Mesa Water District
Cathy Green, Orange County Water District
Chris Kapheim, Kings River Conservation District
Melody McDonald, San Bernardino Valley Water Conservation District
Randall J. Reed, Cucamonga Valley Water District
Bob Green, Gilbert Associates
Kevin Phillips, Town of Paradise
Jeff Thomas, Orange County Municipal Water District (via zoom)

WELCOME/INTRODUCTIONS

Chair Drake welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

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

ANNOUNCEMENT RECORDING OF MINUTES

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 California Brown Act.

EVACUATION PROCEDURES

Mr. Sells briefly reviewed the building evacuation procedures.

PUBLIC COMMENT

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.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

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

APPROVAL OF MINUTES

Chair Drake called for approval of the minutes of the September 28, 2022 meeting.

M/S/C (Rupp/Crawford) (Bryant-Yes; 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 September 28, 2022 meeting.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

Chair Drake reported that there were no meetings attended on behalf of the JPIA.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Mr. Green reported that the JPIA received an unmodified opinion. The opinion stated that the Financial Statements present fairly, in all material respects, the financial position of the JPIA as of September 30, 2022, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As in the previous year, the JPIA prepared an Annual Comprehensive Financial Report in accordance with the Government Finance Officers Association (GFOA) standards. Management intends to submit this report to the GFOA for review in order to again obtain a Certificate of Achievement for Excellence in Financial Reporting. Consequently, the annual report has additional reports therein to meet these high standards.

M/S/C (Rupp/Bryant) (Bryant-Yes; Crawford-Yes; Khalfia-Yes; Lyons-Yes; Ruettgers-Yes; Saks-Yes, Smith-Yes, Rupp-Yes, Drake-Yes): That the Finance & Audit Committee recommend that the Executive Committee approve the Audited Financial Statements and forward to the Board of Directors at their next meeting for final approval.

OPERATING BUDGET

Mr. deBernardi conveyed that the most significant changes to the General and Administrative budget for the fiscal year are staff salaries and staff employee benefits. The primary increase in staff salaries is due to a 5% cost of living adjustment and three additional employees added to the budget. Staff employee benefits will be increasing due to changes from CalPERS and health insurance.

The overall increase in the Operating Budget is 9.9%. Salaries remain the largest line item in the budget.

M/S/C (Khalifa/Crawford) (Bryant-Yes; Crawford-Yes; Khalifa-Yes; Lyons-Yes; Saks-Yes, Smith-Yes, Rupp-Yes, Drake-Yes): That the Finance & Audit Committee recommend that the Executive Committee approve the Operating Budget for fiscal year ending September 30, 2024 and forward to the Board of Directors at their next meeting for final approval.

RETROSPECTIVE PREMIUM ADJUSTMENT UPDATE

Mr. Steele reported that up until this point, Retrospective Premium Adjustments (RPAs) for the Liability, Property, and Workers' Compensation programs were factored into Rate Stabilization Fund calculations once the policy years had

developed four years from the beginning of the policy year. Upon further analysis, it is evident that a five-year period from the END of the policy year would ensure better development of the policy year. This change aims to curb future volatility in RPA calculations.

CALIFORNIA WATER INSURANCE FUND

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

- As of December 31, 2022, the book value of the CWIF portfolio was \$156,712,154 vs a market value of \$143,801,364.
- The rate of return since inception is approximately 2.28% vs. a rate of return on the JPIA portfolio of approximately 1.58%.

PAYMENT TRANSFER FRAUD

Mr. deBernardi reported on the increased risk for payment transfer fraud that our members are continually facing. He has recommended that our staff start sharing pertinent information that we have received from our cyber insurance carrier, Beazley, to our members. The committee was in agreement.

CEO UPDATE

Mr. Sells reported on relevant current issues.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting

The next scheduled Finance & Audit Committee meeting is September 27, 2023.

The Finance & Audit Committee meeting adjourned at 2:52 p.m.