



Finance & Audit Committee Meeting

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

August 24, 2020

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

MEMBERS PRESENT

Chairman: Kevin Phillips, Paradise Irrigation District
Vice-chair: Carrie Guarino, Cucamonga Valley Water District
Louis Jarvis, Glenn-Colusa Irrigation District
Marlene Kelleher, Vista Irrigation District
Suha Kilic, Pebble Beach Community Services District
Steve Ruetters, Kern County Water Agency
Jim Smith, Wheeler Ridge-Maricopa Water Storage District

MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
David deBernardi, Director of Finance
Robert Greenfield, General Counsel
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Dianna Sutton, Special Projects Manager
Karen Thesing, Director of Insurance Services
Jennifer Nogosek, Liability/Property Claims Manager
Shelley Tippit, Accountant II (*Recording Secretary*)
Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Thomas A. Cuquet, South Sutter Water District
Fred R. Bockmiller, Mesa Water District
David Drake, Rincon del Diablo Municipal Water District
E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
Brent Haste, Yuba Water Agency
Melody A. McDonald, San Bernardino Valley Water Conservation District
Randall J. Reed, Cucamonga Valley Water District
Pamela Tobin, San Juan Water District, ACWA VP

Bruce Rupp, Humboldt Bay Municipal Water District
Richard Babbe, PFM Asset Management
Sarah Meacham, PFM Asset Management

WELCOME/INTRODUCTIONS

Chairman Phillips welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Phillips called the meeting to order at 10:02 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.

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 May 14, 2020 meeting.

M/S/C (Ruetters/Kilic) (Guarino-Yes; Jarvis-Yes; Kelleher-Yes; Phillips-Yes; Smith-Yes; Ruetters-Yes; Kilic-Yes): That the Finance & Audit Committee approve the minutes of the May 14, 2020 meeting.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

INVESTMENT POLICY

Mr. deBernardi reported that the current Investment Policy was approved by the Board of Directors in December 2019. 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 two minor changes to the policy:

1. Add reference to the California Water Insurance Fund
2. Increase the maximum amount able to deposit to LAIF from \$50 million to \$75 million.

M/S/C (Kelleher/Smith) (Guarino-Yes; Jarvis-Yes; Kilic-Yes; Kelleher-Yes; Phillips-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee recommends that the Executive Committee Approve the Investment Policy and to forward to the Board of Directors at their next meeting for final approval.

LONG-TERM INVESTMENT POLICY

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 2020 second quarter review of JPIA's economic portfolio. While we have seen current labor market struggles due to COVID-19, the unemployment rate has declined since April 2020 and interest rates are expected to remain low for an extended period of time. Mr. Babbe noted that with the election and COVID-19, JPIA's long term investment strategy and discipline manner remain key components.

Ms. Meacham began her presentation with a second quarter 2020 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 0.31%. The portfolio continues to be well diversified and in compliance with policy and code.

INTERIM FINANCIAL STATEMENTS

Mr. Steele presented an overview of the June 30, 2020 Monthly Interim Financial Statements. He provided examples of how the Interim Financial Statements including charts and graphs used by the JPIA.

CAPTIVE UPDATE

Mr. Sells that since the last report to the Committee:

- The JPIA has ceded approximately \$16 million of projected losses for the 10/1/19-20 Liability Program year to the CWIF effective October 1, 2019.
- Implementation of the CWIF Investment policy began January 2020.
- January 2020 the JPIA transferred \$12 million of the Liability Catastrophic Reserve Fund to the CWIF authorized by Board of Directors resolution.
- May 2020 the JPIA transferred another \$10 million to CWIF
- As of June 30, 2020, the book value of the CWIF portfolio was \$41,255,000 vs. a market value of \$41,787,000

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting

No meetings scheduled for the remainder of the year. Kevin Phillips announced that this will be his last meeting as Chairman of the Finance & Audit Committee. Carrie Guarino will be taking over as Chairman through the remainder of this year.

The Finance & Audit Committee meeting adjourned at 11:31 a.m.