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Approved 9.27.21

Finance & Audit Committee Meeting

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

April 07, 2021

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: Carrie Guarino, Cucamonga Valley Water District
Louis Jarvis, Glenn-Colusa Irrigation District
Marlene Kelleher, Vista Irrigation District
Susan Talwar, Citrus Heights Water District
Steve Ruetters, Kern County Water Agency
Jim Smith, Wheeler Ridge-Maricopa Water Storage District
Jennifer Bryant, Helix Water District

MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
David deBernardi, Director of Finance
Robert Greenfield, General Counsel
Karen Thesing, Director of Insurance Services
Dan Steele, Finance Manager
Sandra Smith, Employee Benefits Manager
Robin Flint, Risk Control Manager
Shelley Tippit, Accountant II (*Recording Secretary*)
Chimene Camacho, 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
Bruce Rupp, Humboldt Bay Municipal Water District
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
Kevin Wong, Gilbert Associates

Bob Green, Gilbert Associates

WELCOME/INTRODUCTIONS

Chairman Guarino welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Guarino called the meeting to order at 10:10a.m. She announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Guarino 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.

PUBLIC COMMENT

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

APPROVAL OF MINUTES

Chairman Guarino called for approval of the minutes of the August 24, 2020 meeting. A suggestion was made that the word "uncertainty" be removed from page 3 of the unapproved minutes under Long-Term Investment Policy section, second paragraph. The Committee approved the minutes as amended as follows: Mr. Babbe noted that with the election and COVID-19, JPIA's long term investment strategy and discipline manner remain key components.

M/S/C (Ruetters/Kelleher) (Guarino-Yes; Jarvis-Yes; Bryant-Yes; Kelleher-Yes; Talwar-Yes; Ruetters-Yes; Smith-Yes): That the Finance & Audit Committee approve the minutes of the August 24, 2020 meeting, as amended.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

None reported.

FINANCIAL STATEMENTS

Mr. Wong and 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, 2020, 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 a Comprehensive Annual 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 (Jarvis/Smith) (Guarino-Yes; Jarvis-Yes; Bryant-Yes; Kelleher-Yes; Talwar-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee recommends that the Executive Committee Approve the Audited Financial Statements and to forward to the Board of Directors at their next meeting for final approval.

OPERATING BUDGET

Mr. deBernardi conveyed that in March of each year, a proposed operating budget is submitted to the Finance & Audit Committee and then to the Executive Committee for review. At the ACWA spring conference, the proposed operating budget is presented for approval to the Board of Directors. The budget covers General & Administrative (G&A) Expenses for the fiscal year ending September 30, 2022.

The most significant changes to the G&A budget for the fiscal year are staff salaries and staff employee benefits. Staff Salaries increase is due to a 2.5% cost of living adjustment. Staff Employee Benefits increase is due to a reduction of the discount rate and projected increases to future costs.

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

M/S/C (Kelleher/Bryant) (Guarino-Yes; Jarvis-Yes; Bryant-Yes; Kelleher-Yes; Talwar-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee recommends that the Executive Committee Approve the Operating Budget for fiscal year ending September 30, 2022 and to forward to the Board of Directors at their next meeting for final approval.

INVESTMENT PORTFOLIO

Mr. deBernardi reported JPIA allocates investments into two different portfolios. The "Fixed Income" portfolio has a balance of approximately \$141 million and the portion of the portfolio allocated to the California Water Insurance Fund (CWIF) is approximately \$71 million.

CEO UPDATE

Mr. Sells reported on relevant current issues:

- The Finance & Audit Committee structure change to add two members from the Executive Committee.

- Refund checks were mailed last week. In total, a little over \$6 million in refund checks were disbursed.
- The JPIA Board of Directors meeting scheduled for May 10, 2021.
- The Liability and Property insurance market update.
- Recruitment for an Assistant Chief Executive Officer will commence between April – May, 2020.
- Finance & Audit Committee Chair Carrie Guarino's retirement. This is her last Committee meeting and the Committee thanked her for her five years of service.

MISCELLANEOUS

Future Agenda Items

None stated.

Availability for Upcoming Meeting

The next scheduled Finance & Audit Committee meeting is September 20, 2021.

The Finance & Audit Committee meeting adjourned at 11:37 a.m..