



Finance & Audit Committee Meeting

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

September 27, 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: Thomas Cuquet, South Sutter Water District
Vice-chair: Bruce Rupp, Humboldt Bay Municipal Water District
Rick Aragon, Rancho Water
Jennifer Bryant, Helix Water District
Louis Jarvis, Glenn-Colusa Irrigation District
Marlene Kelleher, Vista Irrigation District
Steve Ruetters, Kern County Water Agency
Jim Smith, Wheeler Ridge-Maricopa Water Storage District
Susan Talwar, Citrus Heights Water 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
Jennifer Nogosek, Liability/Property Claims Manager
Robin Flint, Risk Control Manager
Melody Tucker, WC Claims Manager
Shelley Tippit, Accountant II (*Recording Secretary*)
Chimene Camacho, Executive Assistant to the CEO
Jillian Sciancalepore, Administrative Assistant II

OTHERS IN ATTENDANCE

E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
Fred R. Bockmiller, Mesa Water District
David Drake, Rincon del Diablo Municipal Water District
Brent Hastey, 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
Richard Babbe, PFM Asset Management

WELCOME/INTRODUCTIONS

Chairman Cuquet welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Cuquet called the meeting to order at 8:30 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

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

APPROVAL OF MINUTES

Chairman Cuquet called for approval of the minutes of the April 07, 2021 meeting.

M/S/C (Ruetters/Talwar) (Aragon-Abstain, Bryant-Yes; Jarvis-Yes; Kelleher-Yes; Ruetters-Yes; Smith-Yes; Talwar-Yes; Rupp-Yes, Cuquet-Yes): That the Finance & Audit Committee approve the minutes of the April 07, 2021 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 November 2020. 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 three minor changes to the policy:

1. Eliminate the 10% limit on commercial paper.
2. Increase the exceed limit for commercial paper from 25% to 40%.
3. Regarding prohibited investments, wording was added in reference to code section 53601.6.

M/S/C (Rupp/Bryant) (Aragon-Yes; Bryant-Yes; Jarvis-Yes; Kelleher-Yes; Ruetters-Yes; Smith-Yes; Talwar-Yes, Rupp-Yes, Cuquet-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 PORTFOLIO

Mr. deBernardi 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 2021 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 0.33%. The portfolio continues to be well diversified and in compliance with policy and code.

CALIFORNIA WATER INSURANCE FUND

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

- As of June 30, 2021, the book value of the CWIF portfolio was \$65,224,426 vs. a market value of \$77,212,829.
- The rate of return since inception is approximately 18.0% vs. a rate of return on the JPIA portfolio of approximately 1.49%.

JPIA CUSTODIAL SERVICE PROVIDER

Mr. deBernardi reported on the merger between PFM and US Bank. As of December 2021, PFM would become a fully owned subsidiary of US Bank. Staff is recommending changing the JPIA investment custodian (US Bank) to a new custodian that is independent of PFM.

MISCELLANEOUS

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 10:00 a.m.