

# Finance & Audit Committee Meeting



JPIA Executive Conference Room  
2100 Professional Drive  
Roseville, CA 95661

Monday  
August 24, 2020  
10:00 A.M.

Chairman: Kevin Phillips, Paradise Irrigation District

Vice-chair: Carrie Guarino, Cucamonga Valley Water District

Marlene Kelleher, Vista Irrigation District

Suha Kilic, Pebble Beach Community Services District

Louis Jarvis, Glenn-Colusa Irrigation District

Steve Ruettgers, Kern County Water Agency

Jim Smith, Wheeler Ridge-Maricopa Water Storage District



YOUR BEST PROTECTION

## FINANCE & AUDIT COMMITTEE MEETING

### AGENDA

[LINK TO ZOOM MEETING](#)

MEETING #: 661 516 2566

PASSCODE: 1234

ZOOM CALL IN #: (669) 900-6833

**Monday, August 24, 2020, 10:00 a.m.**

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

### **WELCOME**

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

**ANNOUNCEMENT RECORDING OF MEETING** This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

**PUBLIC COMMENT** Members of the public will be allowed to address the Finance and Audit Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

### **INTRODUCTIONS**

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

<u>Presenter</u>			<u>Page#</u>
Phillips	*	I. Approve the minutes of the meeting of May 14, 2020.	1
All		II. Report on meetings attended on behalf of the JPIA.	
deBernardi	*	III. Review and make recommendation on the Investment Policy.	5
Meacham	*	IV. Long-term Investment Portfolio update.	22
Steele	*	V. Review Interim Financial Statements.	42
Sells	*	VI. Update on Captive.	62

Phillips      \*    **VII.**    Announce next meeting date:

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**ADJOURN**

\*Related items enclosed.

***Americans with Disabilities Act*** – *The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Shelley Tippit, Accountant II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

*Written materials relating to an item on this Agenda that are distributed to the JPIA's Finance and Audit Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.*



YOUR BEST PROTECTION

*Unapproved Minutes*

## **Finance & Audit Committee Meeting**

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

**May 14, 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**

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Chairman: Kevin Phillips, Paradise Irrigation District  
Vice-chair: Carrie Corder-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**

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None.

### **STAFF PRESENT**

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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  
Min Su, Senior Accountant  
Dianna Sutton, Special Projects Manager  
Karen Thesing, Director of Insurance Services  
Shelley Tippet, Accountant II  
Bobbette Wells, Executive Assistant to the CEO (*Recording Secretary*)

### **OTHERS IN ATTENDANCE**

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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  
Bob Green, Gilbert Associates  
Brent Hastey, Yuba Water Agency  
Al Lopez, Western Municipal Water District  
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

## **WELCOME/INTRODUCTIONS**

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Chairman Phillips welcomed everyone in attendance.

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

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Chairman Phillips called the meeting to order at 10:01 a.m. He announced there was a quorum.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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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.

## **PUBLIC COMMENT**

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Chairman Phillips 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**

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

## **APPROVAL OF MINUTES**

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Chairman Phillips called for approval of the minutes of the December 2, 2019 meeting.

M/S/C (Ruettgers/Kelleher) (Corder-Guarino-Yes; Jarvis-Yes; Kilic-Yes; Kelleher-Yes; Phillips-Yes; Ruettgers-Yes; Smith-Yes): That the Finance & Audit Committee approve the minutes of the December 2, 2019 meeting.

## **MEETINGS ATTENDED ON BEHALF OF THE JPIA**

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None reported.

## **FINANCIAL STATEMENTS**

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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, 2019, 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 (CAFR) 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 (Ruettgers/Kelleher) (Corder-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 Audited Financial Statements and to forward to the Board of Directors at their next meeting for final approval.

## **OPERATING BUDGET**

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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, 2021.

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 two additional positions anticipated (Member Services Admin and Special Projects Manager). These positions were approved by the Executive Committee during fiscal year 2020.

The overall increase in the Operating Budget is 3.3%. Salaries remain the largest line item in the budget.

M/S/C (Ruettgers/Kelleher) (Corder-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 Operating Budget for fiscal year ending September 30, 2021 and to forward to the Board of Directors at their next meeting for final approval.

## **CAPTIVE UPDATE**

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

- JPIA ceded approximately \$19 million of expected losses and expenses to CWIF for the 2019-20 Liability Program policy year.
- Implementation of the CWIF Investment policy began January 2020.
- JPIA transferred \$12 million in capital to CWIF authorized by Board of Directors resolution.
- Next CWIF Board meeting is expected to be scheduled for a date during the Fall of 2020.

## MISCELLANEOUS

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### Future Agenda Items

None stated.

### Availability for Upcoming Meeting

The next scheduled Finance & Audit Committee meeting is August 24, 2020.

The Finance & Audit Committee meeting adjourned at 11:40 a.m.

**ACWA JPIA**  
**Investment Policy Update**  
**August 24, 2020**

**BACKGROUND**

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.

**CURRENT SITUATION**

After review by staff and the JPIA's investment advisor, there are some proposed changes summarized in an attached memo from PFM.

**RECOMMENDATION**

That the Finance & Audit Committee recommends that the Executive Committee approve the changes to the Investment Policy, as presented, and forward for final approval to the Board of Directors.





July 31, 2020

## Memorandum

To: David deBernardi, Director of Finance  
*Association of California Water Agencies Joint Powers Insurance Authority*

From: Sarah Meacham, Managing Director  
 Richard Babbe, CCM, Senior Managing Consultant  
*PFM Asset Management LLC*

Re: 2020 Investment Policy Review

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We completed our annual review of the Association of California Water Agencies Joint Powers Insurance Authority (the "Authority") Investment Policy (the "Policy"). As written, the Policy is comprehensive and is in compliance with the California Government Code ("Code") sections that govern the investment of public funds.

While no changes are required, we recommend that the Authority make a minor edit to the Policy's Scope section. To avoid any possible confusion, we recommend that the Policy explicitly exclude funds with the California Water Insurance Fund from the Policy's requirements. In addition, we wanted to let you know about three recent changes to local agency investment requirements, which do not require any changes to the Policy.

Effective January 1, 2020, California State Treasurer Fiona Ma increased the LAIF deposit limit for regular accounts to \$75 million from the previous \$65 million. As the Policy does not list a dollar limit for LAIF, no change to the Policy is required to incorporate this change. However, the glossary attached to the Policy lists a dollar limit for LAIF, so the glossary should be updated to match the current dollar limit.

Assembly Bill No. 954, which took effect January 1, 2020, increased the amount that local agencies can invest in placement service deposits (Code Section 53601.8) to 50% from 30%. Unless amended, this revision is repealed as of January 1, 2026. As the Authority's Policy does not permit this investment type, no change to the Policy is required.

Assembly Bill No. 857, which took effect January 1, 2020, provides for the establishment of public banks by local agencies. This Bill also added subsection (r) to Code section 53601, which will permit local agencies to invest in the debt obligations of a public bank. However, we do not recommend that the Authority add this investment type to the Policy, as we are not aware of any public banks that are currently in operation. Furthermore, we would want to review the operational history and credit quality of any public bank before we could recommend investing in its securities.

Please let us know if you have any questions or if you would like to discuss our comments in more detail.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES**

**JOINT POWERS INSURANCE AUTHORITY**

# **INVESTMENT POLICY**

Revised: 09/2019 - Approved: 12/2019

## **INVESTMENT POLICY**

### **OBJECTIVE**

The objectives of the Investment Policy of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA or Authority) are as follows, in order of priority.

- (1) Safeguard the principal of the funds under its control by maintaining an appropriate risk level.
- (2) Meet the liquidity needs of the Authority.
- (3) Achieve an optimum rate of return (defined as income plus realized and unrealized capital gains and losses) on available assets (not required for current operating needs), commensurate with an appropriate level of risk.

### **SCOPE**

Except for funds held in the JPIA's working bank accounts used for the daily operations, [funds with the California Water Insurance Fund](#), and any retirement funds held in a trust, it is intended that this policy cover investment funds and activities of the Authority.

### **DELEGATION OF AUTHORITY**

Section 53600, et seq. of the Government Code provide legal authorization and reporting requirements for the investment of funds of local agencies when applicable. All investments of the JPIA shall conform to the restrictions of these laws. In accordance with Section 53607 the authority to invest or reinvest the funds of the Authority is delegated to the Treasurer of the JPIA for a one-year period. Each year the Authority's Board of Directors meets at the ACWA Spring and Fall Conference and therein delegates its authority to invest funds to the Authority's Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires.

### **PRUDENCE**

All participants in the investment process shall recognize that the investment portfolio is subject to the prudent investor standard as set forth by California Government Code and to public review and evaluation and shall seek to act responsibly as fiduciaries of the public trust. The prudent investor standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like, aims, to safeguard the principal and maintain the liquidity needs of the Authority.

### **ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Chief Executive Officer any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority.

## **PERMISSIBLE INVESTMENTS**

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. See table on page 6 for further limits.

The classes of investments that most adequately meet the criteria for purchases are listed as follows.

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category. No more than 50% of the Authority's investment portfolio may be invested in any one federal agency.

3. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Obligations eligible for investment under this subdivision must be rated in a rating category "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

4. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. Obligations eligible for investment under this subdivision must be rated in a rating category "A" or its equivalent or better by a NRSRO.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

5. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Obligations eligible for investment under this subdivision must be rated in a rating category "A" or its equivalent or better by a NRSRO.

There is no limit as to the amount of the Authority's investment portfolio that may be invested in this category.

6. Bankers' Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest rating category as provided for by a NRSRO.

Purchases of Bankers' Acceptances may not exceed 180 days' maturity or 20% of the Authority's investment portfolio.

7. Commercial paper rated in the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all of the conditions in either paragraph (a) or (b):

- a. The entity meets the following criteria:

- (i) Is organized and operating in the United States as a general corporation.

- (ii) Has total assets in excess of five hundred million dollars (\$500,000,000).

- (iii) Has debt other than commercial paper that, if any, is rated in a rating category "A," its equivalent or higher by an NRSRO.

- b. The entity meets the following criteria:

- (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

- (ii) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

- (iii) Has commercial paper that is rated in a rating category "A-1" or higher, or the equivalent, by an NRSRO.

Purchases of eligible commercial paper may not exceed 270 days' maturity and may not represent more than 10% of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 25% of the Authority's investment portfolio.

8. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term corporate notes shall be rated in a rating category "A", its equivalent, or better by an NRSRO.

Purchase of medium-term corporate notes may not exceed 30% of the Authority's investment portfolio.

9. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank; provided that the senior

debt obligations of the issuing institution are rated in a rating category "A", its equivalent, or better by an NRSRO.

Purchase of negotiable certificates of deposit may not exceed 30% of the Authority's investment portfolio.

10. FDIC insured or fully collateralized time certificates of deposit (Time CDs) in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in as specified under Government Code Section 53630 et seq. The Treasurer, at their discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance.
11. Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
  - a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
  - b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive.
  - c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares shall not exceed 50% of the investment portfolio of the Authority.
12. State of California's Local Agency Investment Fund (LAIF). Investment in LAIF may not exceed the lesser of the limit established by LAIF or 50% of the portfolio and should be reviewed periodically. (Government Code § 16429.1)
13. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares shall not exceed 20% of the investment portfolio of the Authority.

14. Repurchase Agreements used solely as short-term investments not to exceed 92 days.

The Authority may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in this section, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed, 102% of the total dollar value of the money invested by the Authority for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Authority will have properly executed SIFMA agreement with each counter party with which it enters into Repurchase Agreements.

Purchases of repurchase agreements shall not exceed 20% of the investment portfolio of the Authority.

15. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AAA", its equivalent, or better by an NRSRO.

Purchases of supranationals shall not exceed 20% of the investment portfolio of the Authority.

16. Asset-Backed Securities. Mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds with a maximum remaining maturity of five years or less. Securities eligible for investment under this subdivision shall be rated in a rating category "AA" or its equivalent or better by at least one NRSRO.

Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's total portfolio.

The JPIA shall also have the option of depositing funds with banks, savings and loans, and credit unions (Government Code §53620 et seq.) as a means to complement the investment program when appropriate. The financial institutions shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities as required by (Government Code § 53635.2). All bank deposits must be collateralized as specified under Government Code Section 53630 et seq. The Treasurer, at their discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance.

#### **LIMITATIONS/DIVERSIFICATION**

Below is a table summarizing the maximum percentage and minimum credit quality required for each permissible investment type. Percent limitations shown are based on book value at time of purchase. Percentages may change after purchase as a result of withdrawals from the portfolio. Credit quality refers to the credit rating at the time the security is purchased. If an investment’s credit rating falls below the minimum rating, the Treasurer will perform a timely review and decide whether to sell or hold the investment.

The average life of the total portfolio at any time shall not exceed four years. The maximum maturity for all investments, unless otherwise noted, is 5 years. U.S. Treasuries and Federal Agencies with maturities longer than 5 years may be purchased for specific purposes with the prior approval by the Executive Committee at least 90 days in advance of the purchase.

No more than 5% of the portfolio will be invested in any one issuer excluding U.S. Treasuries, Federal Agencies, supranationals, and investment pools (LAIF, LGIPs, and money market funds).



<b>INVESTMENT TYPE</b>	<b>% OF INVESTMENT PORTFOLIO</b>	<b>% OF ISSUER REGARDLESS OF SECTOR</b>	<b>MAXIMUM MATURITY</b>	<b>MINIMUM RATING CATEGORY</b>
US TREASURY	100%	100%	5 YEARS	
FEDERAL AGENCY	100%	50%	5 YEARS	
CALIFORNIA STATE OBLIGATIONS	100%	5%	5 YEARS	A
CALIFORNIA LOCAL GOVERNMENT OBLIGATIONS	100%	5%	5 YEARS	A
OTHER STATE OBLIGATIONS	100%	5%	5 YEARS	A
BANKERS' ACCEPTANCES	20%	5%	180 DAYS	Highest by NRSRO
COMMERCIAL PAPER	25%	5%	270 DAYS	Highest by NRSRO
MEDIUM TERM NOTES	30%	5%	5 YEARS	A
NEGOTIABLE CD'S	30%	5%	5 YEARS	A
TIME CDS	30%	FDIC/NCUA LIMITS	5 YEARS	BANKS/S&I/CU INSURED
LGIP	50%	N/A	-	AAAm
LAIF	50%	N/A	DAILY	N/A
MONEY MARKET FUNDS	20%	20%	-	TREASURY/ AGENCY ONLY
REPURCHASE AGREEMENTS	20%	20%	92 DAYS	Primary Dealer
SUPRANATIONALS	20%	20%	5 YEARS	AAA
ASSET-BACKED SECURITIES	20%	5%	5 YEARS	AA

### **INVESTMENT POOLS**

Prior to investing in any pooled investment program and at least annually thereafter, the Authority shall perform a review of the investment policy and portfolio of any investment pools in which the Authority invests, including LAIF and LGIPs. In addition, the Treasurer shall maintain on file a copy of the pool's current disclosure document describing the program.

### **PROHIBITED INVESTMENTS**

The Authority shall not invest in inverse floaters, range notes, mortgage derived interest-only strips, or in any security that could result in zero earnings accrual if held to maturity, and any investment not expressly authorized in the Government Code.

The Authority is prohibited from investing in securities unless specifically permitted by this Investment Policy.

**TRADING**

The Authority shall not make investments for the purpose of trading or speculation as the dominant criterion such as anticipation of appreciation of capital value through changes in market rates.

**BORROWING**

Any borrowing in the amount of one hundred thousand dollars or more shall be considered and deliberated as a separate item of business on the agenda of the JPIA's Executive Committee. Borrowing does not include bank overdrafts.

**INTERNAL CONTROLS**

The Treasurer shall establish and maintain a system of internal controls designed to ensure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management. The internal controls should include references to safekeeping, master repo agreements, wire transfer agreements, banking service contracts, collateral/depository agreements, and other investment related activities as applicable.

Accordingly, the Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**COLLATERALIZATION**

Collateralization for repurchase agreements and non-negotiable Certificates of Deposit shall be required in accordance with state law.

**SAFEKEEPING/CUSTODY**

Investment securities are to be purchased when possible in book-entry form in the Authority's name. All deliverable securities owned by the Authority shall be held in safekeeping by a third party bank trust department acting as agent for the Authority under the terms of a written custody agreement executed by the bank and the Authority. All investment transactions require the bank to provide a safekeeping receipt or acknowledgment generated from the trade. All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. The safekeeping institution is required to provide a listing all securities held in safekeeping with current market data and other information on a monthly basis.

The Executive Committee authorized Term and non-negotiable instruments, such as certificates of deposit, to be held by the Treasurer, or in safekeeping as the Treasurer deems appropriate.

### **PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the Authority. The Authority shall establish a performance benchmark. Benchmarks may change over time based on changes in market conditions, investment preferences, or cash flow requirements.

### **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

If an investment advisor is authorized to initiate investment transactions on the Authority's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The investment advisor's approved list must be made available to Authority upon request.

For any investment transactions conducted by the Treasurer, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the Authority's investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted.

For all investment transactions, the Authority or its investment advisor shall seek a minimum of three bids/offers from brokers and dealers on the Authority's or investment advisor's list of approved broker/dealers.

**ADVISORS**

The JPIA's Executive Committee shall pre-approve investment advisors given the authority to manage all or part of the JPIA investment portfolio prior to establishing a relationship.

**REPORTING/REVIEW**

The Treasurer shall render a monthly list of investment transactions to the Chief Executive Officer, the JPIA's Executive, and Finance & Audit Committees as required by the California Government Code §53607 when investment authority has been delegated by the Executive Committee. The Treasurer shall render a quarterly report incorporating the following:

- (1) For each investment, the report will describe the type of investment, issuer, date of maturity, par and dollar amount invested, yield to maturity, credit quality, duration and current market value as of the date of the report. Any managed funds shall be described in the quarterly report.
- (2) The quarterly report shall state compliance of the portfolio to the statement of the investment policy, or manner in which the portfolio is not in compliance.
- (3) The quarterly report shall include a statement denoting the ability of the Authority to meet its expenditure requirements for the next six months, or provide an explanation as why sufficient money shall, or shall not, be available.

The Treasurer shall review the Authority's portfolio for compliance at least annually. The Treasurer shall establish procedures to report to the Finance Committee incidences of noncompliance through the review of the portfolio.

**REVIEW OF INVESTMENT PORTFOLIO**

It is the intent of the JPIA that the Policy will be followed at all times. Because some securities may not comply with this Investment Policy's requirements subsequent to the date of purchase, the Treasurer shall at least annually review the portfolio to identify those securities that do not comply. If a non-compliance issue has been identified it shall be taken to the JPIA's Finance or Executive Committee at the next scheduled meeting. The Committee will determine if any action is needed. Investments or securities found not to be in compliance with this Investment Policy do not necessarily require immediate action.

**INVESTMENT POLICY ADOPTION**

The Treasurer shall render annually a statement of investment policy to the JPIA's Executive Committee for consideration and approval.

## Glossary

**Asset-backed securities (ABS)** are securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

**Bankers' Acceptances** are short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high-grade negotiable instrument.

**Broker-Dealer** is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

## Certificates of Deposit

1. **Negotiable Certificates of Deposit** are large-denomination CDs issued in \$1 million increments. These securities have average trades in the secondary market of \$5 million to \$10 million. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.
2. **Non-negotiable Certificates of Deposit** are time deposits with financial institutions that earn interest at a specified rate for a specified term. Liquidation of the CD prior to maturity incurs a penalty. There is no secondary market for those instruments, therefore, they are not liquid. They are classified as public deposits and financial institutions are required to collateralize them. Collateral may be waived for the portion of the deposits that are covered by FDIC insurance.

**Collateral** is securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

**Commercial Paper** is a short term, unsecured, promissory note issued by a corporation to raise working capital.

**Delivery versus Payment (DVP)** is a settlement system in which the transfer of securities and associated payment occur simultaneously. This ensures that the final transfer of the security occurs, if and only if, the final transfer of the associated payment (or other assets) occurs.

**Federal Agency Obligations** are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

**Issuer** means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

**Liquidity** refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

**Local Agency Investment Fund (LAIF)** is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of ~~\$50~~-75 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

**Local Government Investment Pool (LGIP)** is a collection of funds from various governmental entities invested in a common portfolio. Each investor earns interest proportional to their investment in the overall pool.

**Market Value** is the price at which a security is trading and could presumably be purchased or sold.

**Maturity** is the date upon which the principal or stated value of an investment becomes due and payable.

**Medium-Term Notes** are debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term “Medium Term” refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

**Money Market Fund** is a type of safe investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must maintain a stable net asset value (NAV) of \$1 per share.

**Municipal Obligations** are debt instruments issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

**Nationally Recognized Statistical Rating Organization (NRSRO):** A credit rating agency registered with the U.S. Securities and Exchange Commission (SEC) that provides ratings that indicate the agency’s opinion of the relative credit quality of securities. The three largest NRSROs are Standard & Poor’s, Moody’s Investors Service, and Fitch Ratings.

**Principal** describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

**Repurchase Agreements** are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

**Supranationals** are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States.

**U.S. Treasury Issues** are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** that are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve month maturities.
2. **Treasury Notes** that have original maturities of one to ten years.
3. **Treasury Bonds** that have original maturities of greater than 10 years.

**Yield to Maturity** is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.



**ACWA JPIA**  
**Long-term Investment Portfolio Update**  
**August 24, 2020**

**BACKGROUND**

In November 2008, PFM Asset Management began managing approximately two-thirds of the JPIA's Investment Portfolio.

**CURRENT SITUATION**

PFM will present a summary of the Investment Portfolio managed by them. This presentation will include commentary on the current market and thoughts about managing the investments going forward.

**RECOMMENDATION**

None, informational only.



# Association of California Water Agencies Joint Powers Insurance Authority

## Review of Portfolio – Quarter Ending June 30, 2020

**Sarah Meacham, Managing Director**

**Richard Babbe, Senior Managing Consultant**

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Management LLC

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## COVID-19 Impact Update

### Health Pandemic

- Confirmed cases exceed 10 million worldwide
- U.S. is leading the world with roughly 25% of cases and deaths
- Recent surge in new U.S. case numbers threatens economic reopening



### Effects on the Economy

- Significant negative impact of lockdowns apparent in first and second quarter economic data
- Early signs of rebound have appeared as some states start to reopen

**Limited  
Capacity**

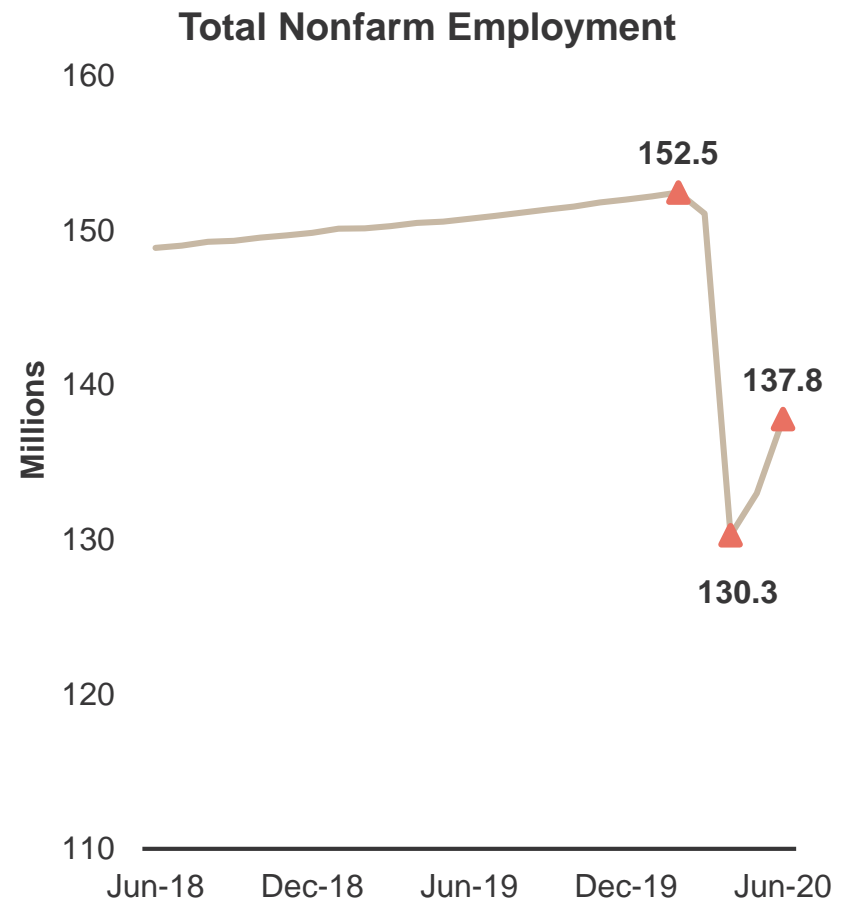
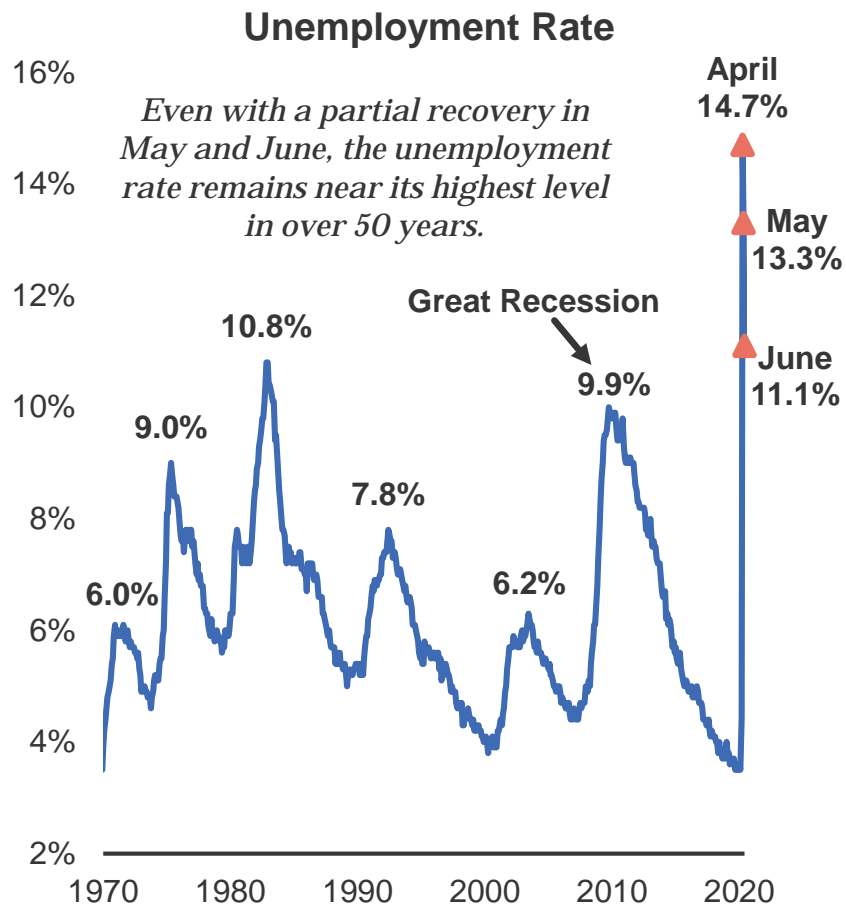
### Effects on the Financial Markets

- Yields remain very low and are not expected to move meaningfully over the near term
- Fed support stabilized the bond market and returned liquidity
- Equity markets substantially recovered in second quarter





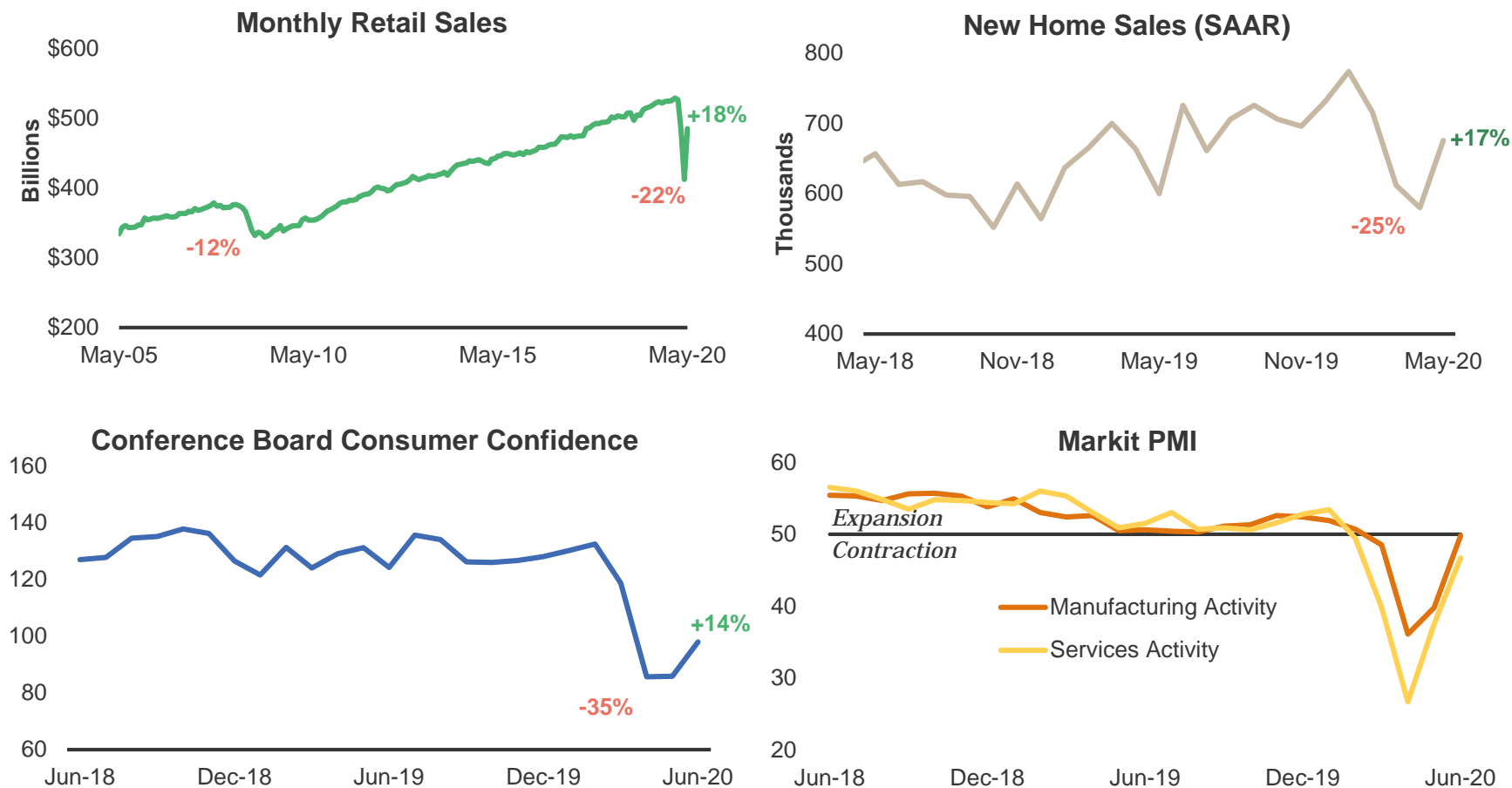
## Labor Market Struggling; Early Signs of Recovery Present



Source: Bloomberg, as of 6/30/2020. Data is seasonally adjusted.



## Economic Conditions Are Depressed, but Appear to Have Bottomed

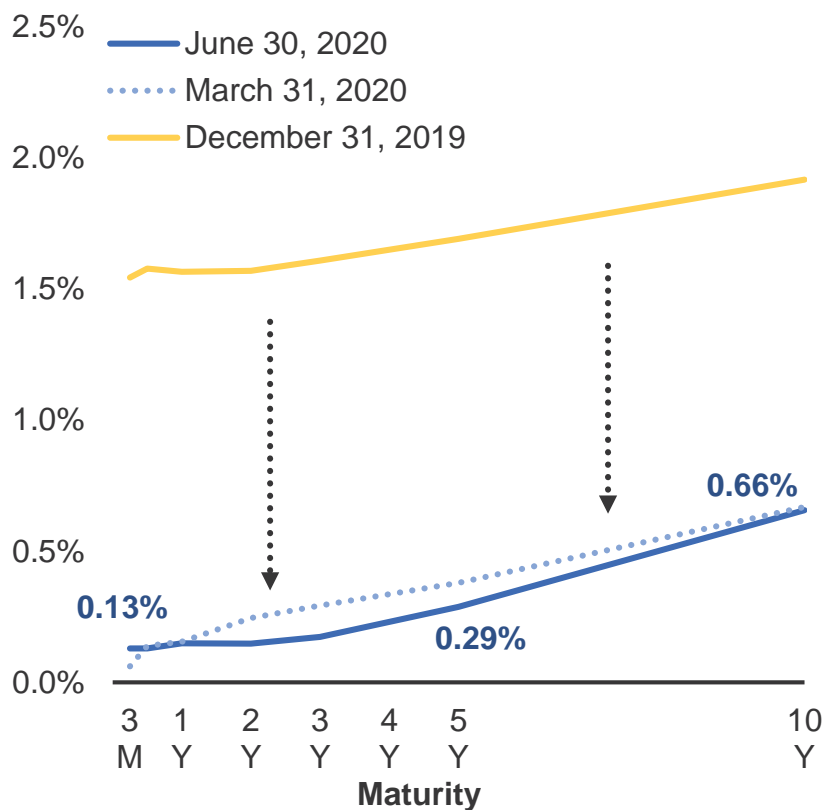


Source: Bloomberg, data available as of 6/30/2020.

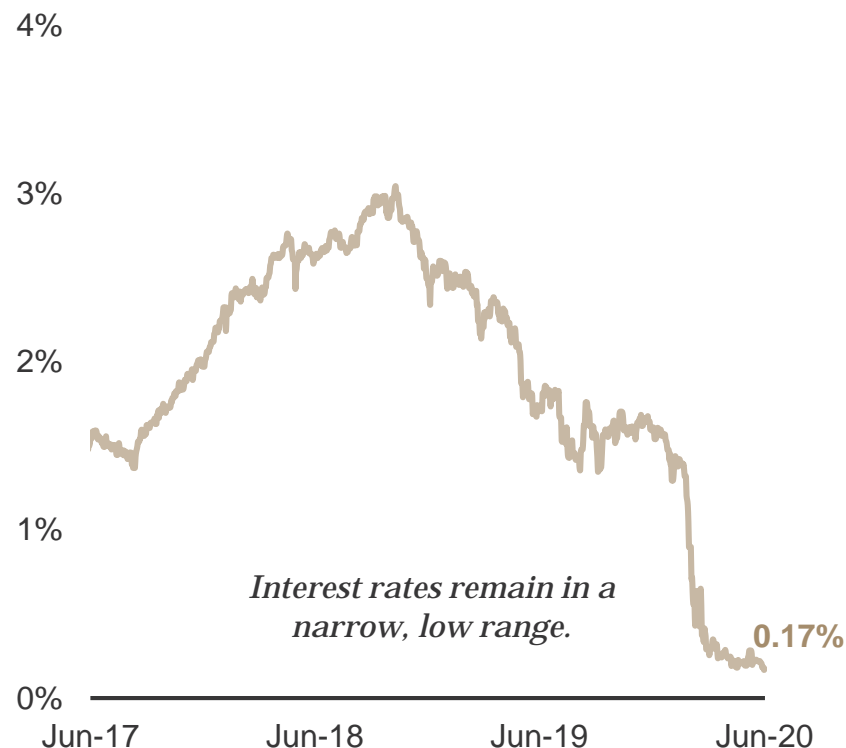


## Interest Rates Traded in a Narrow Range During the Second Quarter

### U.S. Treasury Yield Curve



### 3-Year Treasury Yield

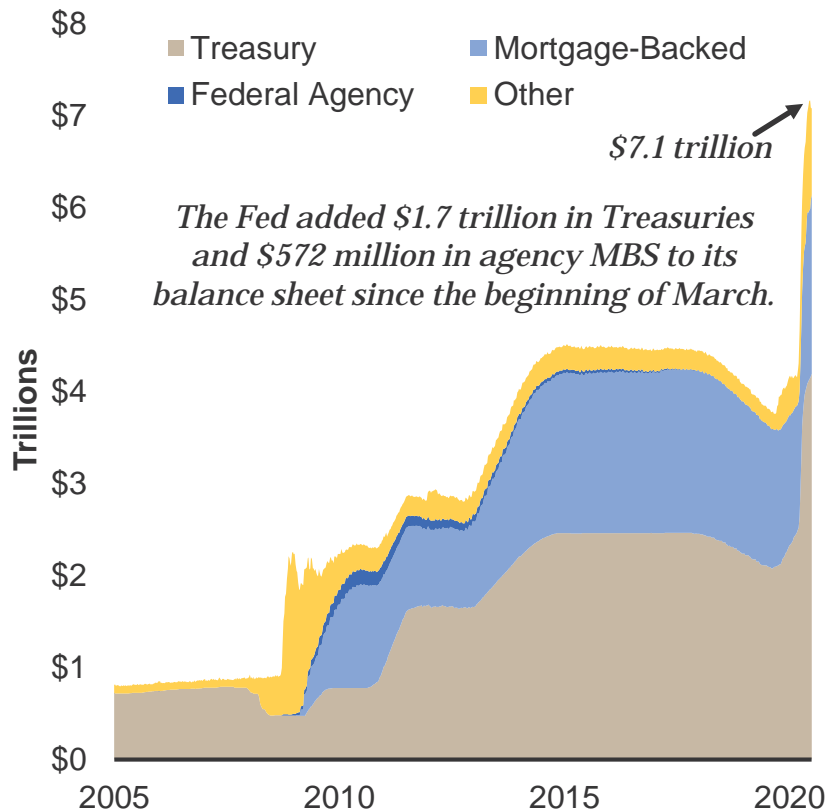


Source: Bloomberg, as of 6/30/2020.



## Federal Reserve Has Provided \$3 Trillion in Monetary Stimulus

### Assets of the Federal Reserve



Source: Federal Reserve, as of 6/26/2020.

### Amount Allocated to Fed's Liquidity Programs

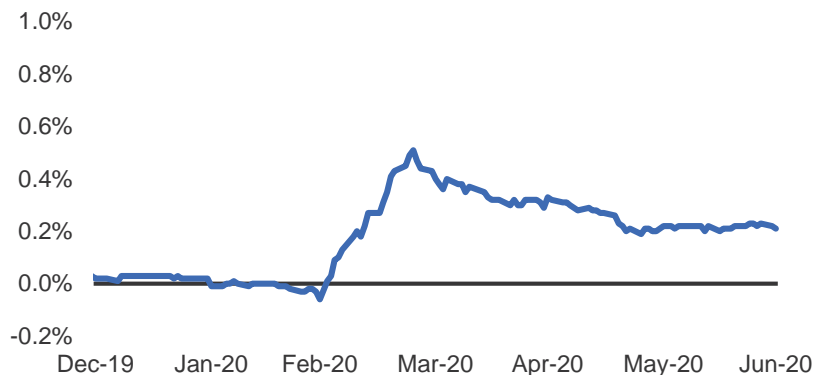
Fed Facility	Holdings (billions)
Discount Window	\$7.1
Primary Dealer Credit Facility	\$4.0
Money Market Mutual Fund Liquidity Facility	\$23.5
Commercial Paper Funding Facility	\$12.8
Paycheck Protection Program Liquidity Facility	\$59.4
Swap Lines	\$276.7
Repurchase Agreements	\$73.1
Municipal Liquidity Facility	\$16.1
Main Street Lending Facility	\$32.7
Primary Corporate Credit Facility	\$0.0
Secondary Corporate Credit Facility	\$40.0
Term Asset-Backed Securities Loan Facility	\$7.3



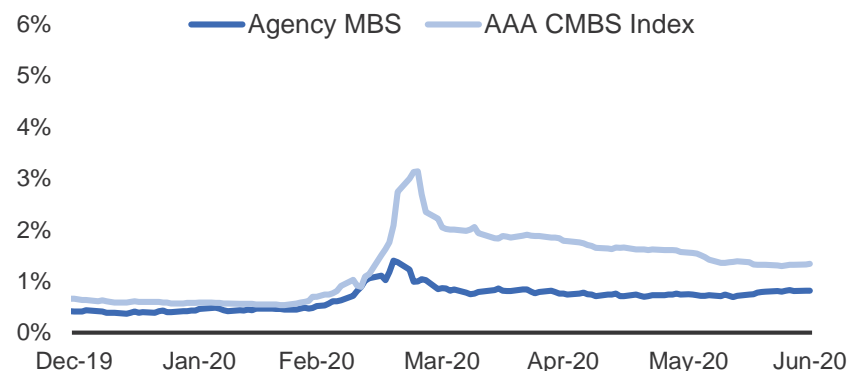
# Sector Spreads Tightened Significantly, Moving Toward Pre-COVID Levels

## 1-5 Year Indices

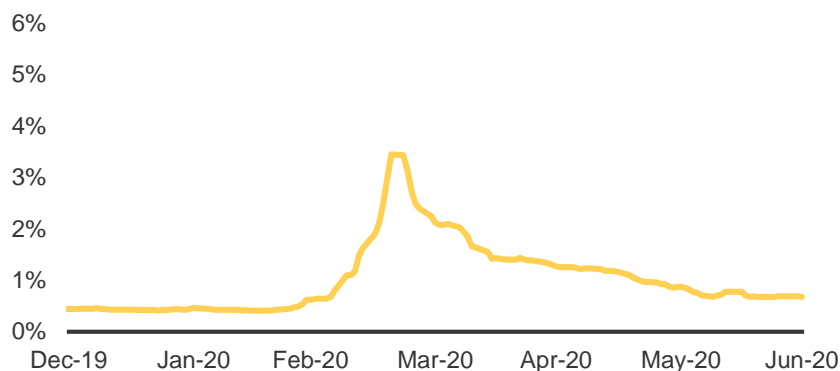
### Federal Agency Yield Spreads



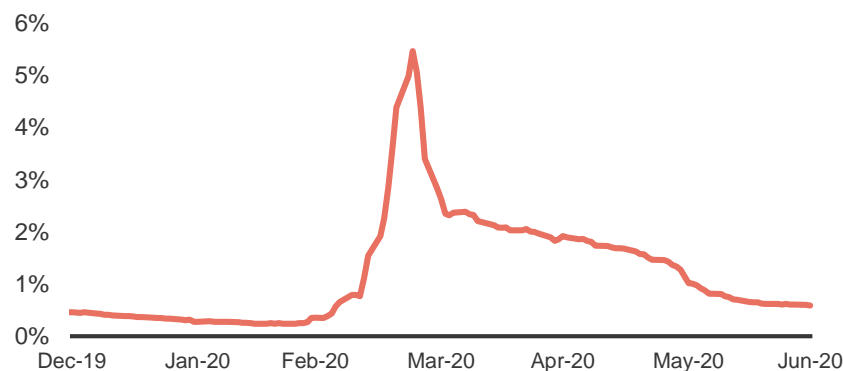
### Mortgage-Backed Securities Yield Spreads



### Corporate Notes A-AAA Yield Spreads



### Asset-Backed Securities Yield Spreads



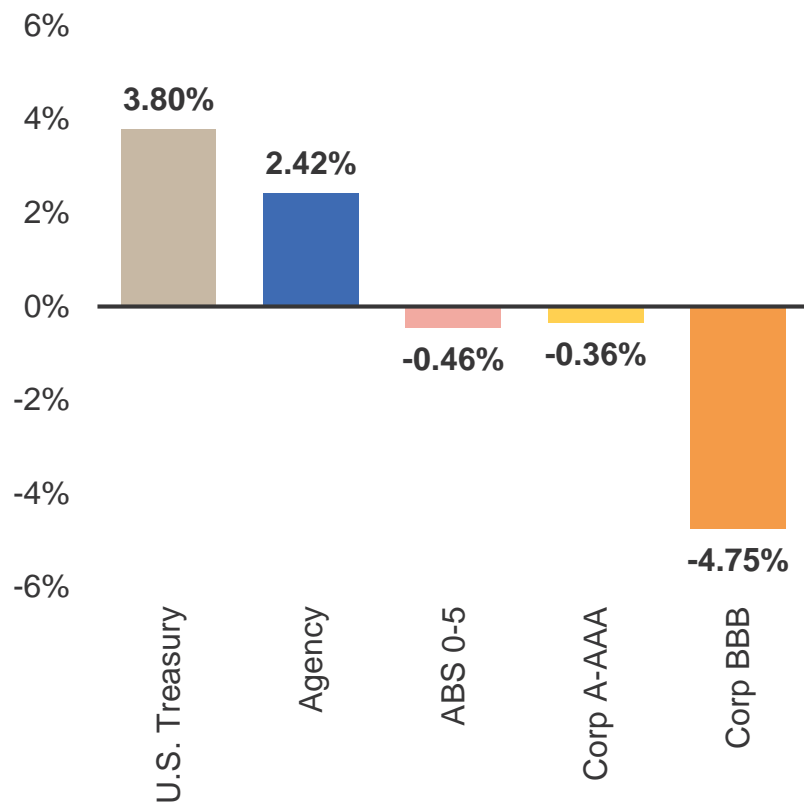
Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess, and PFM, as of 6/30/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable-maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.



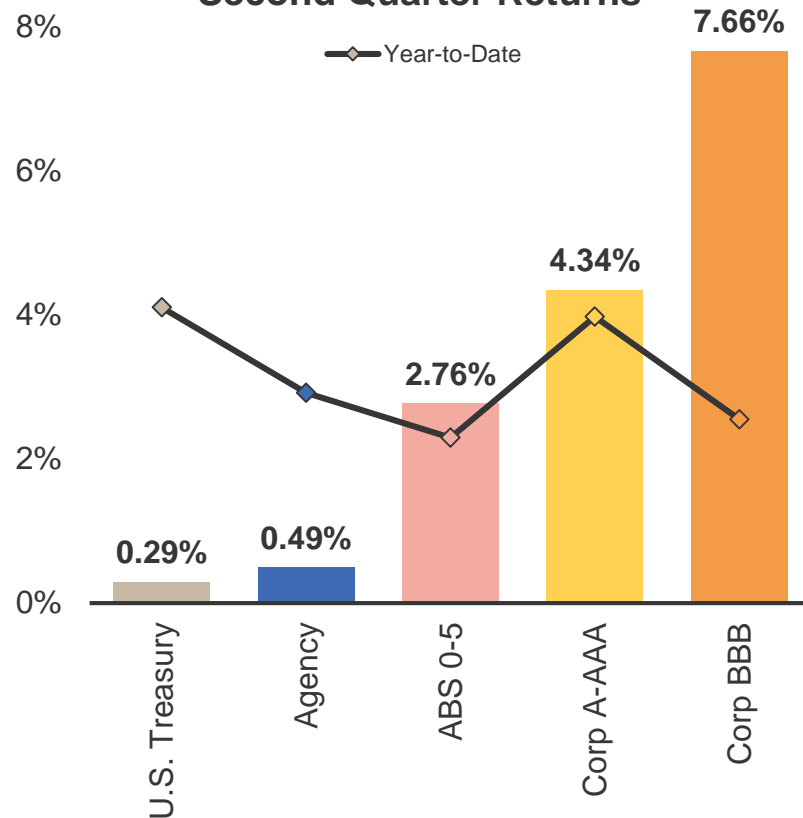


## Credit Outperforms in Second Quarter Due to Massive Spread Tightening

1-5 Year Indices  
First Quarter Returns



1-5 Year Indices  
Second Quarter Returns

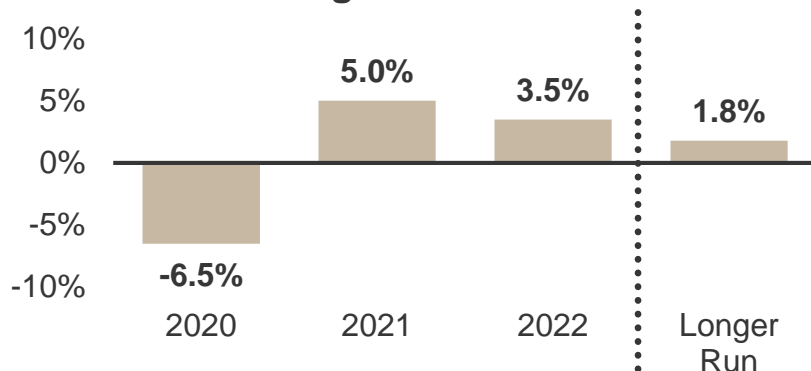


Source: Bloomberg, as of 6/30/2020.

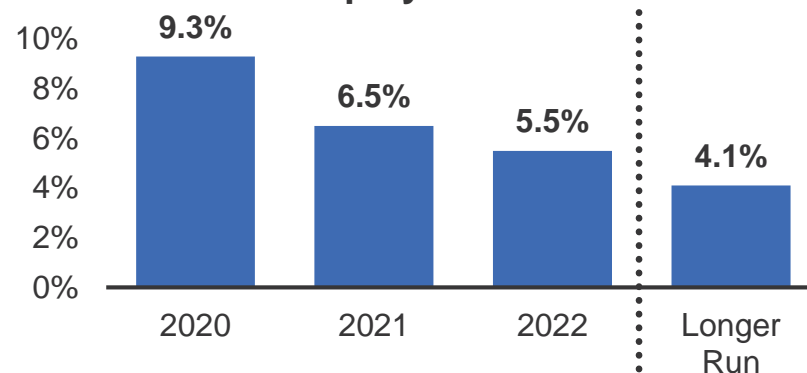


## Fed's June Economic Projections Indicate Long Recovery Ahead

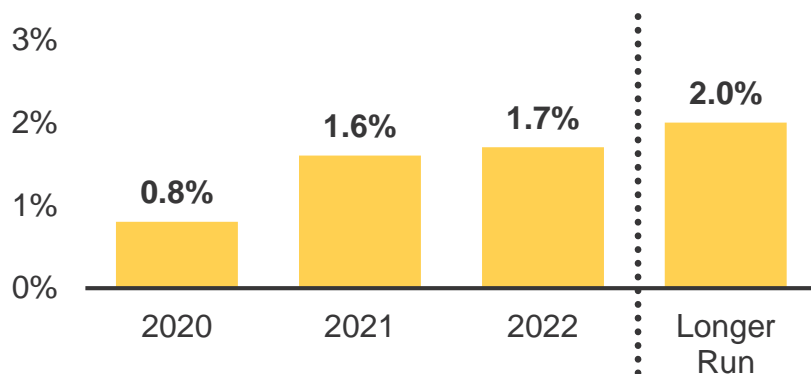
### Change in Real GDP



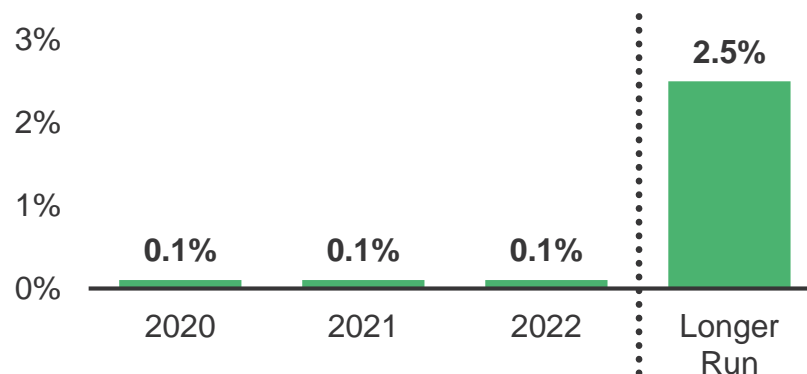
### Unemployment Rate



### PCE Inflation



### Federal Funds Rate



Source: Federal Reserve, economic projections as of June 2020.



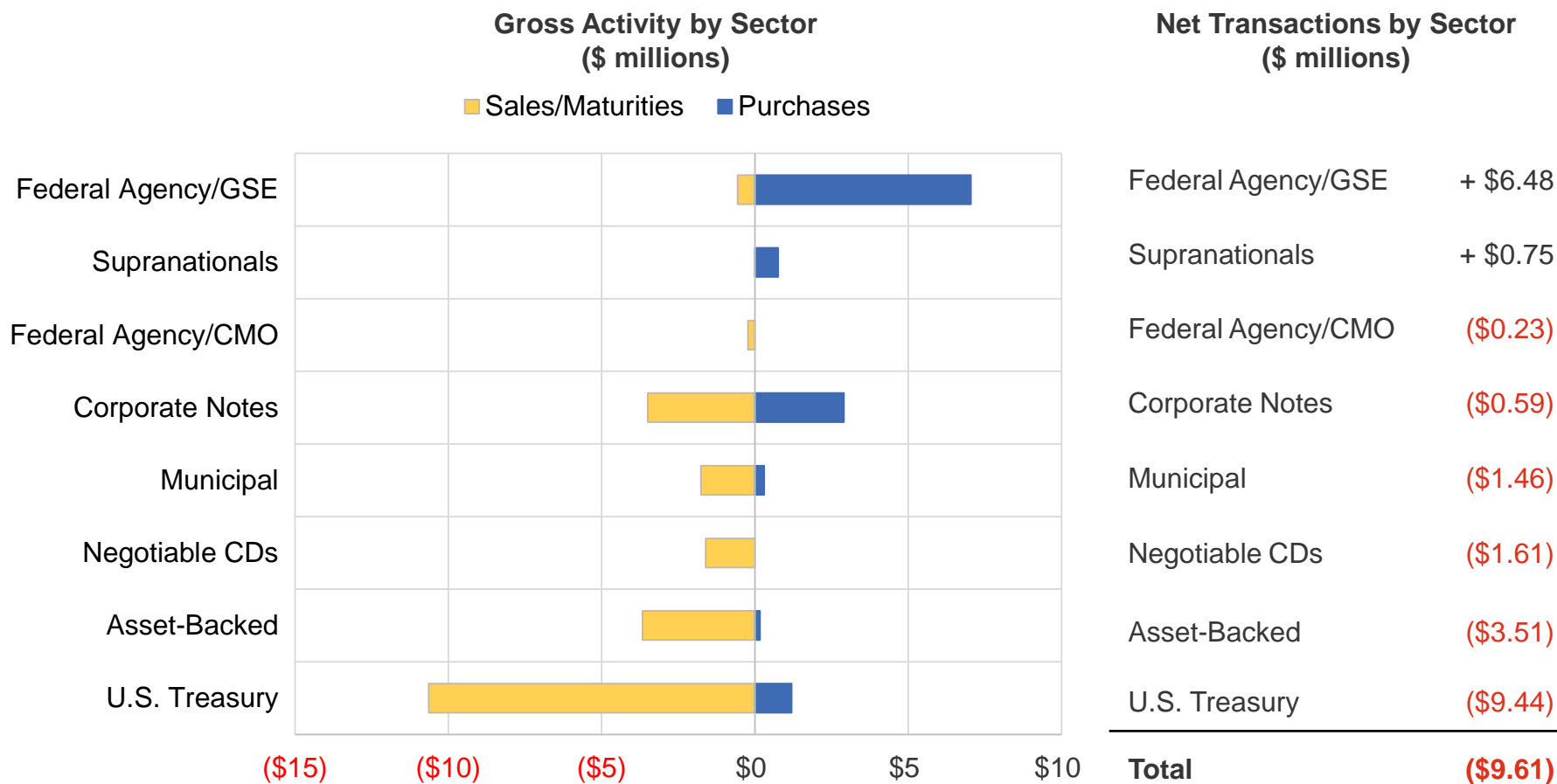
## Portfolio Complies with Government Code and the Authority's Investment Policy

Security Type	Market Value as of 6/30/20	% of Portfolio	% Change vs. 3/31/20	Permitted by Policy	In Compliance
U.S. Treasury	\$29,327,005	22.1%	-6.2%	100%	✓
Federal Agency	\$13,909,809	10.5%	+5.1%	100%	✓
Federal Agency CMOs	\$3,772,179	2.8%	-0.1%	100%	✓
Municipal Obligations	\$3,540,088	2.7%	-0.9%	100%	✓
Supranationals	\$1,631,818	1.2%	+0.6%	20%	✓
Negotiable CDs	\$10,297,852	7.7%	-0.9%	30%	✓
Corporate Notes	\$22,434,883	16.9%	+0.5%	30%	✓
Asset-Backed Securities	\$3,367,329	2.5%	-2.4%	20%	✓
<b>Securities Sub-Total</b>	<b>\$88,280,962</b>	<b>66.4%</b>			
Accrued Interest	\$388,456				
<b>Securities Total</b>	<b>\$88,669,418</b>				
CAMP	\$256,607	0.2%	-5.6%	50%	✓
LAIF	\$44,392,112	33.4%	+9.8%	50%	✓
<b>Total Investments</b>	<b>\$133,318,137</b>	<b>100.0%</b>			

Market values, excluding accrued interest for the combined JPIA and Employee Benefits portfolios. Detail may not add to total due to rounding. Includes securities not managed by PFM. Securities held in the Authority's portfolio are in compliance with California Government Code and the Authority's investment policy dated December 2019.



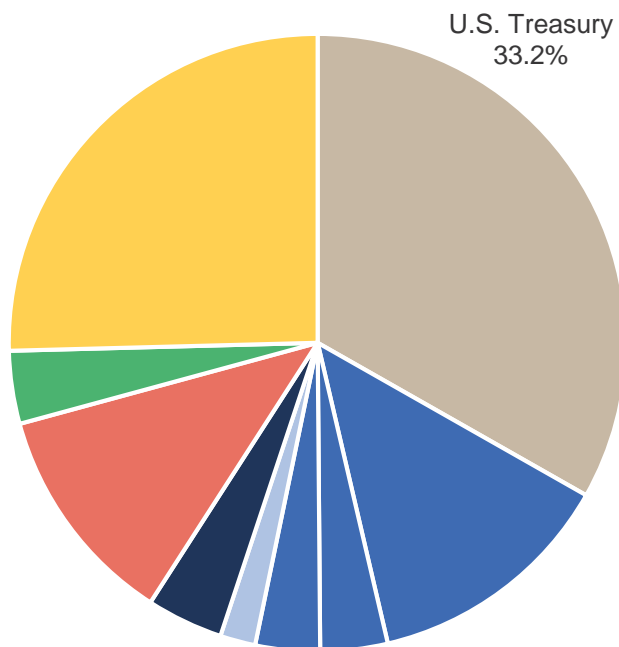
## Summary of Trade Activity During the Second Quarter



Based on total proceeds (principal and accrued interest) of buys, transfers in/out, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.



## Managed Portfolio Issuer Distribution



Percentages calculated on managed portfolio only, excludes pool investments and accrued interest. Detail may not add to total due to rounding.

Federal Agency Issuers		20.0%
FNMA		13.1%
FHLMC		3.5%
FHLB		3.4%

Municipal Issuers		4.0%
California St		3.2%
Arizona St		0.7%
Connecticut St		0.1%

Negotiable CD Issuers		11.7%
Royal Bank Of Canada		2.7%
Nordea Bank AB		1.6%
Skandinaviska Enskilda Banken AB		1.6%
Credit Agricole SA		1.5%
Den Norske Bank		1.5%
Societe Generale		1.3%
Swedbank AB		1.0%
Sumitomo Mitsui Financial Group		0.5%

ABS Issuers		3.8%
Capital One Financial Corp		1.0%
GM Financial Securitized Term		0.6%
Toyota Motor Corp		0.5%
Discover Financial Services		0.4%
Nissan Auto Receivables		0.4%
Capital One Prime Auto Rec Trust		0.3%
Mercedes-Benz Auto Receivables		0.2%
Ally Auto Receivables Trust		0.2%
Ford Credit Auto Owner Trust		0.2%
Honda Auto Receivables		0.1%
John Deere Owner Trust		0.1%

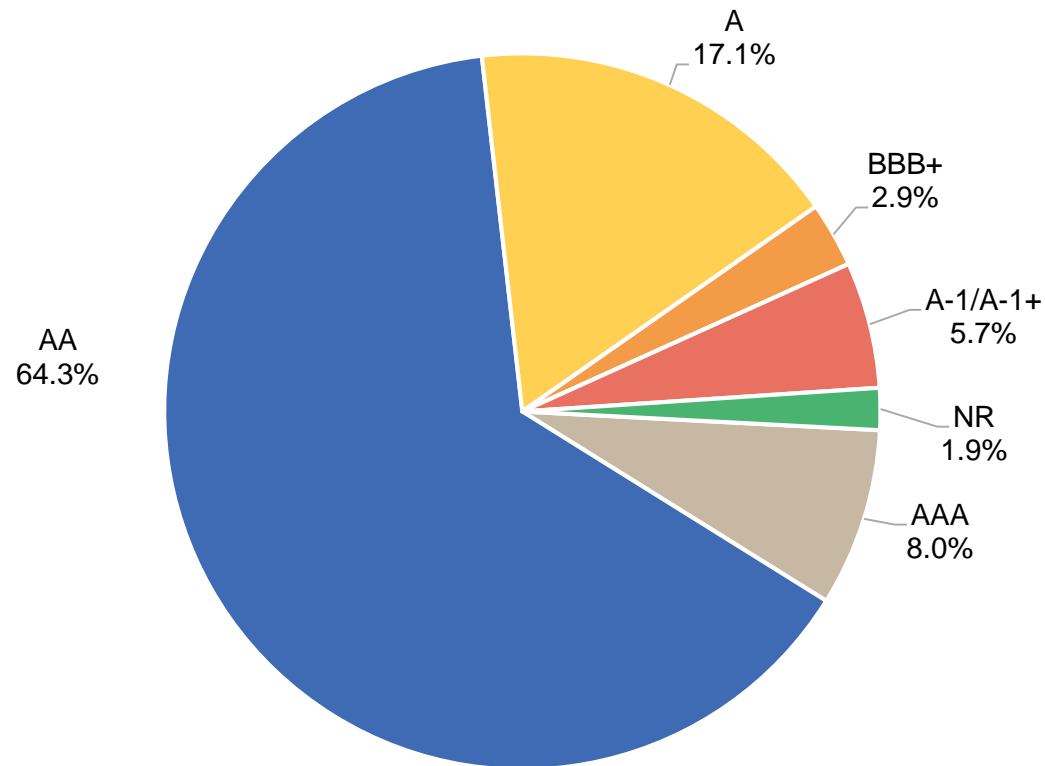
Supranationals Issuers		1.9%
Intl Bank Of Reconstruction & Dev		1.0%
Inter-American Development Bank		0.9%

Corporate Notes		25.4%
Microsoft Corp		1.8%
Apple Inc		1.5%
Amazon.com		1.2%
Bank of America Co		1.1%
Morgan Stanley		1.1%
The Bank of New York Mellon		1.0%
CitiGroup Inc		1.0%
PNC Financial Services Group		1.0%
Deere & Company		1.0%
Caterpillar Inc		0.9%
Toyota Motor Corp		0.9%
The Walt Disney Corporation		0.8%
Goldman Sachs Group		0.8%
Pfizer		0.7%
Johnson & Johnson		0.7%
PepsiCo Inc		0.7%
Coca-Cola Company		0.6%
Merck & Co Inc		0.6%
3M Company		0.6%
Visa		0.6%
Mastercard		0.5%
Berkshire Hathaway		0.5%
JP Morgan Chase & Co		0.5%
Honeywell International		0.5%
Oracle Corp		0.5%
United Parcel Service Inc		0.5%
Intel Corporation		0.4%
American Honda Finance		0.4%
American Express Co		0.4%
Blackrock Inc		0.4%
BB&T Corporation		0.4%
Comcast Corp		0.4%
Paccar Financial Corp		0.3%
Chevron Corporation		0.2%
State Street Corporation		0.2%
Unilever Plc		0.2%
Texas Instruments Inc		0.2%



## Managed Portfolio Credit Quality

- The average credit quality of the portfolio was AA.



Ratings by Standard & Poor's.

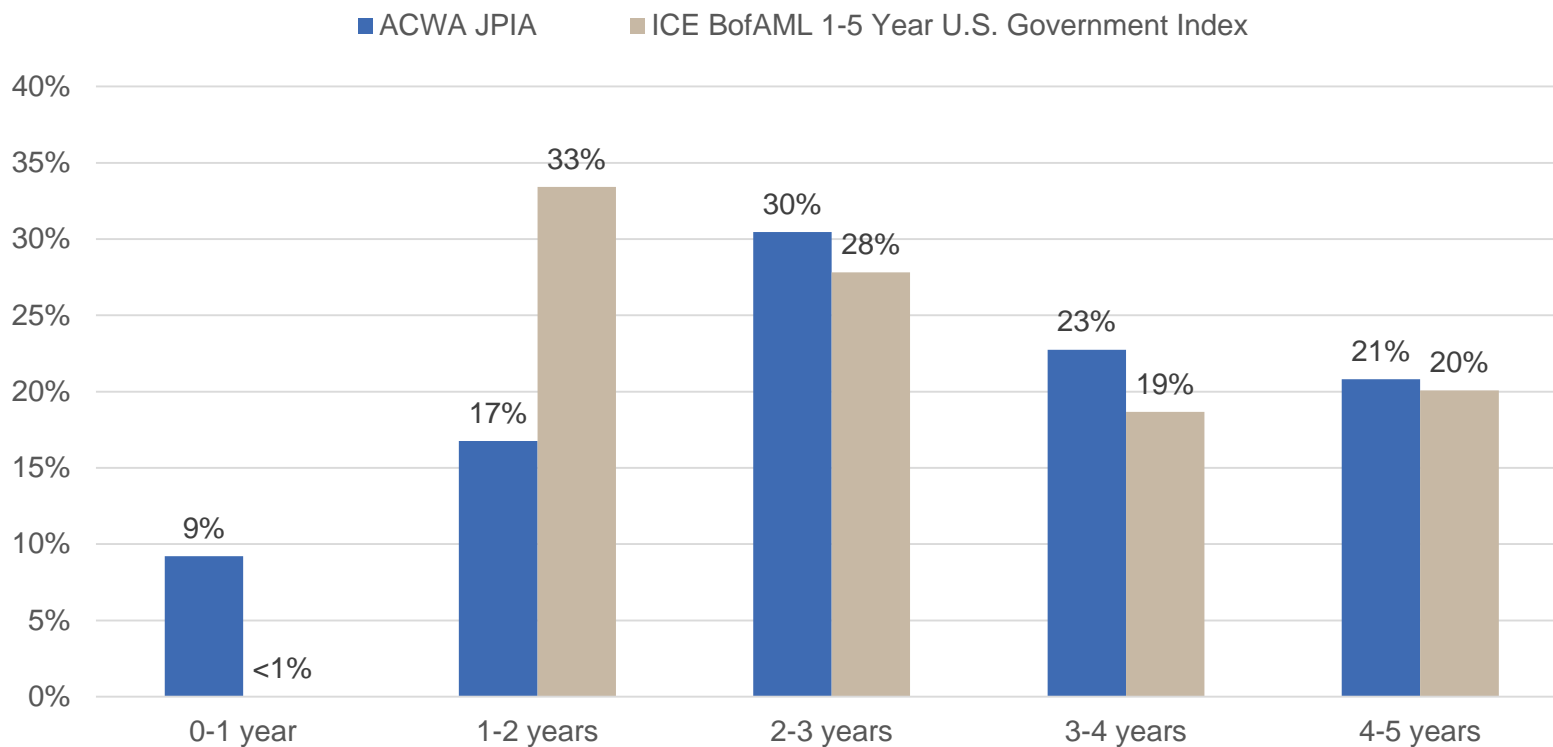
Managed portfolio only, excludes pool investments and accrued interest.

Detail may not add to total due to rounding.

Securities held in the Authority's portfolio are in compliance with California Government Code and the Authority's investment policy dated December 2019.



## Managed Portfolio Maturity Distribution



Detail may not add to total due to rounding.

Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

ICE BofAML Indices provided by Bloomberg Financial Markets.

For the combined JPIA and Employee Benefits portfolios only, excludes pool investments and accrued interest.



## Second Quarter Total Return: Combined Managed Portfolio

- The portfolios continue to generate very strong absolute returns. Since inception, the portfolios have outperformed the benchmark by **0.31% on average per year**.

### Total Return Period Ending June 30, 2020

	Duration (Years)	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception
<b>ACWA JPIA</b>	<b>2.68</b>	<b>1.57%</b>	<b>5.24%</b>	<b>3.43%</b>	<b>2.59%</b>	<b>2.22%</b>
ICE BofAML 1-5 Year U.S. Government Index	2.56	0.30%	5.21%	3.22%	2.30%	1.91%

- Performance and duration numbers are the weighted average of the combined JPIA and Employee Benefits portfolios.
- Inception date for performance is 12/31/08.





## Earnings: Combined Managed Portfolio

Earnings 12-Months Ending 6/30/20		
	Market Value Basis	Amortized Cost Basis
Beginning Value (6/30/19)	\$130,675,638	\$128,791,958
Net Purchases/Sales	\$45,272,788	\$45,272,788
Change in Value	\$2,878,112	\$1,415,281
Ending Value (6/30/20)	\$88,280,962	\$84,934,451
Interest Earned	\$2,568,494	\$2,568,494
<b>Portfolio Earnings</b>	<b>\$5,446,606</b>	<b>\$3,983,774</b>

Detail may not total due to rounding. Earnings are for the combined JPIA and Employee Benefits portfolios.



# 2020 Outlook

## KEY TAKEAWAYS

---

- A deep economic recession followed by early signs of an emerging sharp recovery
- Reversal of reopening plans amid resurgence of COVID-19 cases
- Recovering manufacturing and services activity
- Highest unemployment rate in over 70 years
- The Fed's balance sheet hit a historic high of \$7.1 trillion as it continues to expand use of liquidity and credit market support programs
- U.S. Treasury yields remained relatively stable after the plunge in March, low rates are expected to continue

## PORTFOLIO STRATEGY IMPLICATIONS

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- Follow the fundamentals
- Maintain portfolio duration in line with the benchmark
- Continue increased surveillance of all corporate and asset-backed securities
- Take advantage of wider spreads and reinvest new money in sectors currently seen as having value
- Maintain diversification
- Safety of principal is the number one objective



## Fixed Income Sector Outlook – July 2020

Sector	Our Investment Preferences	Comments
<b>COMMERCIAL PAPER / CD</b>		<ul style="list-style-type: none"> <li>Short-term credit spreads widened slightly in recent days as T-Bills rallied and more issuers re-entered the market after quarter-end.</li> </ul>
<b>TREASURIES</b>		
<b>T-Bill</b>		<ul style="list-style-type: none"> <li>T-Bill yields remain a very attractive investment option, although yields have fallen several basis points across the curve.</li> </ul>
<b>T-Note</b>		<ul style="list-style-type: none"> <li>Treasury yields remain in a defined range. Short to intermediate maturities are anchored by the Fed Funds Rate near 0%. Longer maturities may see upward pressure from increased issuance, although Fed purchases provide support.</li> </ul>
<b>FEDERAL AGENCIES</b>		
<b>Bullets</b>		<ul style="list-style-type: none"> <li>Bullet agency spreads continue to narrow but remain wider than pre-pandemic levels. While the spread curve has flattened as spreads have tightened, the 3s/5s spread curve still appears steep making longer maturity bullets attractive. New issue securities at concessions to the curve also represent good value.</li> </ul>
<b>Callables</b>		<ul style="list-style-type: none"> <li>Callable spreads continue to march tighter vs like maturity Treasuries but remain near the middle of the range YTD. Value remains on a structure by structure basis.</li> </ul>
<b>SUPRANATIONALS</b>		<ul style="list-style-type: none"> <li>Supranational spreads tightened across the curve. Most secondary offerings are trading at lower spreads than GSEs, erasing much of the sector's relative value. Seasonality suggests light issuance during the summer that will pick up in the fall.</li> </ul>
<b>CORPORATES</b>		
<b>Financials</b>		<ul style="list-style-type: none"> <li>Corporates recovered most of their Q1 underperformance during Q2, helped by the Fed's unprecedented support and signs of recovery in economic activity.</li> </ul>
<b>Industrials</b>		<ul style="list-style-type: none"> <li>We remain cautious on the sector, however, due to concerns around consumer finances and weak corporate balance sheets. The recent trend of rising coronavirus infections in parts of the country is worrying and the Presidential election and geopolitical tensions could be another source of market volatility.</li> </ul>
<b>SECURITIZED</b>		
<b>Asset-Backed</b>		<ul style="list-style-type: none"> <li>ABS yield spreads tightened but still offer some relative value to industrial corporate securities. Credit enhancements have increased in new ABS deals to offset increased concerns regarding consumer stress.</li> </ul>
<b>Agency Mortgage-Backed</b>		<ul style="list-style-type: none"> <li>The Fed reaffirmed its commitment "to support the smooth functioning" of the MBS market through its ongoing purchase program. However, prepayments may stay elevated over the near term as refinancings remain robust.</li> </ul>
<b>Agency CMBS</b>		<ul style="list-style-type: none"> <li>Agency CMBS spreads continue to move lower as fear regarding renters' ability to pay has decreased to some degree. Spreads are still above historical averages.</li> </ul>
<b>MUNICIPALS</b>		<ul style="list-style-type: none"> <li>Taxable supply continues to come to market at attractive spreads. We remain focused on the largest issuers and cautious on many sub-sectors given the fiscal impact from COVID-19.</li> </ul>



## Disclosures

- This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.
- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- ICE BofAML Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by their stated maturity date, although their expected average life may be shorter.

**ACWA JPIA**  
**Interim Financial Statements**  
**August 24, 2020**

**BACKGROUND**

Monthly Interim Financial Statements are generated by the Finance Department.

**CURRENT SITUATION**

Staff will present a review of the Interim Financial Statements, as of June 30, 2020.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**FINANCIAL HIGHLIGHTS**  
**JUNE 30, 2020**

DESCRIPTION	PY	6/30/20	#	PY	6/30/19	#	% CHANGE	\$ CHANGE
<b>ACWA JPIA MEMBERS</b>								
		<u>\$ Payroll</u>			<u>\$ Payroll</u>			
LIABILITY	19/20	\$ 707,602,000	334	18/19	\$ 688,885,207	330	2.72%	\$ 18,716,793
WORKERS' COMP	19/20	606,420,019	199	18/19	558,851,611	196	8.51%	47,568,408
		<u>\$ TIV</u>			<u>\$ TIV</u>			
PROPERTY	19/20	7,950,157,426	281	18/19	7,097,436,992	277	12.01%	852,720,434
<b>PROGRAM YEAR PREMIUM REVENUE</b>								
		<u>\$ Financial Data</u>			<u>\$ Financial Data</u>			
EMPLOYEE BENEFITS	2020	74,982,193		2019	72,529,175		3.38%	2,453,018
LIABILITY	19/20	14,881,316		18/19	12,946,303		14.95%	1,935,013
PROPERTY	19/20	6,817,047		18/19	5,871,217		16.11%	945,830
WORKERS' COMP	19/20	12,417,595		18/19	12,688,367		-2.13%	(270,772)
<b>ASSETS</b>								
INVESTMENTS:								
CASH	19/20	19,657,379		18/19	9,352,593		110.18%	10,304,786
CAMP/LAIF	19/20	44,648,719		18/19	36,115,048		23.63%	8,533,671
BOOK VALUE (JPIA PORTFOLIO)	19/20	90,547,059		18/19	133,810,208		-32.33%	(43,263,149)
MARKET VALUE (JPIA FIXED INCOME)	19/20	93,667,711		18/19	135,704,423		-30.98%	(42,036,712)
BOOK VALUE (CWIF PORTFOLIO)	19/20	41,149,268		18/19	0		100.00%	41,149,268
MARKET VALUE (CWIF EQUITY/FIXED)	19/20	41,793,359		18/19	0		100.00%	41,793,359
NET OPEB ASSET	19/20	1,580,649		18/19	2,335,567		-32.32%	(754,918)
RPA RECEIVABLES	19/20	5,081,836		18/19	4,101,426		23.90%	980,410
<b>LIABILITIES</b>								
RESERVES	19/20	26,388,952		18/19	48,125,509		-45.17%	(21,736,557)
IBNR	19/20	39,493,891		18/19	35,028,940		12.75%	4,464,951
RPA PAYABLES	19/20	22,575,041		18/19	21,989,060		2.66%	585,981
<b>NET ASSETS</b>								
RATE STABILIZATION FUND	19/20	3,693,161		18/19	8,658,263		-57.35%	(4,965,102)
CATASTROPHIC FUND	19/20	43,483,570		18/19	41,166,771		5.63%	2,316,799
EMPLOYEE BENEFITS FUND	19/20	71,217,196		18/19	50,639,001		40.64%	20,578,195

## ACWA JPIA

STATEMENT OF NET POSITION  
JUNE 30, 2020

		PRIMARY		EXCESS		TOTALS			
		6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19	\$ CHANGE	% CHANGE
ASSETS									
1	Cash & Investments	\$ 196,002,425	\$ 179,277,853	\$ 0	\$ 0	\$ 196,002,425	\$ 179,277,853	\$ 16,724,572	9.3%
2	Accounts Receivable	32,495	42,123			32,495	42,123	(9,628)	-22.9%
3	Deposit Premiums Receivable	10,557,188	10,194,309			10,557,188	10,194,309	362,879	3.6%
4	Payment Expected from Excess Insurer	3,523,788	695,249	9,659,698	21,182,542	13,183,487	21,877,791	(8,694,304)	-39.7%
5	Accrued Interest Receivable	567,549	878,765			567,549	878,765	(311,216)	-35.4%
6	Deposits and Prepaid Expenses	360,804	324,573			360,804	324,573	36,231	11.2%
7	Prepaid Insurance Premiums	2,129,980	961,070			2,129,980	961,070	1,168,910	121.6%
8	Net OPEB Asset	1,580,649	2,335,567			1,580,649	2,335,567	(754,918)	-32.3%
9	Retrospective Premium Adjustments Receivables	5,081,836	4,101,426			5,081,836	4,101,426	980,410	23.9%
10	Capital Assets	4,366,861	4,581,080			4,366,861	4,581,080	(214,219)	-4.7%
11	TOTAL ASSETS	224,203,575	203,392,015	9,659,698	21,182,542	233,863,273	224,574,557	9,288,716	4.1%
LIABILITIES									
12	Reserves for Reported Claims	22,419,583	30,334,192	3,969,370	17,791,317	26,388,952	48,125,509	(21,736,557)	-45.2%
13	Reserves for Unreported Claims	33,803,563	31,637,716	5,690,328	3,391,225	39,493,891	35,028,941	4,464,950	12.7%
14	Accounts Payable & Misc. Short Term Accrued Liabilities	5,832,063	2,064,626			5,832,063	2,064,626	3,767,437	182.5%
15	Collected Premiums, Not Yet Earned	21,324,241	16,902,386			21,324,241	16,902,386	4,421,855	26.2%
16	Retrospective Premium Adjustments Payables	22,575,041	21,989,060			22,575,041	21,989,060	585,981	2.7%
17	TOTAL LIABILITIES	105,954,492	102,927,980	9,659,698	21,182,542	115,614,189	124,110,522	(8,496,333)	-6.8%
NET POSITION									
18	Rate Stabilization Fund	3,693,161	8,658,263			3,693,161	8,658,263	(4,965,102)	-57.3%
19	Reserve for Catastrophic/Natural Disaster Losses	43,483,570	41,166,771			43,483,570	41,166,771	2,316,799	5.6%
20	Employee Benefits Fund	71,217,196	50,639,001			71,217,196	50,639,001	20,578,195	40.6%
21	CWIF Income (Loss) Summary 2019-20	(144,844)	0			(144,844)	0	(144,844)	0.0%
22	TOTAL NET POSITION	118,249,083	100,464,035	0	0	118,249,083	100,464,035	17,785,049	17.7%
23	TOTAL LIABILITIES AND NET POSITION	\$ 224,203,575	\$ 203,392,015	\$ 9,659,698	\$ 21,182,542	233,863,273	\$ 224,574,557	\$ 9,288,716	4.1%

## ACWA JPIA

CALIFORNIA WATER INSURANCE FUND <sup>45</sup>CASH & INVESTMENTS  
JUNE 30, 2020CASH & INVESTMENTS  
JUNE 30, 2020

CASH and CASH EQUIVALENTS	6/30/20	6/30/19	12 MONTH CHANGES	CASH and CASH EQUIVALENTS	6/30/20
Petty Cash	\$ 200	\$ 200	\$ 0	California Bank & Trust - General Account	\$ 250,000
California Bank & Trust - Payroll	0	0	0	US Bank Custodian - Money Market	105,878
California Bank & Trust - General Account	4,183,771	2,478,605	1,705,166		
California Bank & Trust - General Account (EB)	12,645,223	5,364,450	7,280,773		
California Bank & Trust - Claims Account	(240,922)	(254,970)	14,048		
California Bank & Trust - Medical Checks (EB)	(569,505)	(2,021,836)	1,452,331		
Undeposited Funds (Checks Received, Deposit Pending)	2,622,704	0	2,622,704		
US Bank Custodian - Money Market Accounts	657,749	3,785,405	(3,127,656)		
Wells Fargo - Checking	2,281	743	1,538		
CAMP	256,607	29,657,420	(29,400,813)		
LAIF	44,392,112	6,457,628	37,934,484		
<b>TOTAL CASH and CASH EQUIVALENTS</b>	<b>63,950,220</b>	<b>45,467,645</b>	<b>18,482,575</b>	<b>TOTAL CASH and CASH EQUIVALENTS</b>	<b>355,878</b>
<b>INVESTMENTS</b>				<b>INVESTMENTS</b>	
Asset-Backed Securities	3,304,610	12,208,204	(8,903,594)	Mutual Funds - Equity	25,776,457
Certificates of Deposit	10,059,916	15,268,404	(5,208,488)	Mutual Funds - Fixed Income	15,372,811
Commercial Paper - Medium Term Notes	26,677,699	40,842,110	(14,164,411)		
Government Agencies	17,177,476	12,991,944	4,185,532		
Municipal Bonds	3,388,885	730,017	2,658,868		
Supranationals	1,608,283	3,907,373	(2,299,090)		
US Treasuries	28,330,190	47,862,158	(19,531,968)		
<b>TOTAL INVESTMENTS</b>	<b>90,547,059</b>	<b>133,810,210</b>	<b>(43,263,151)</b>	<b>TOTAL INVESTMENTS</b>	<b>41,149,268</b>
<b>GRAND TOTAL CASH &amp; INVESTMENTS</b>	<b>\$ 154,497,279</b>	<b>\$ 179,277,855</b>	<b>\$ (24,780,576)</b>	<b>GRAND TOTAL CASH &amp; INVESTMENTS</b>	<b>\$ 41,505,146</b>



## RETROSPECTIVE PREMIUM ADJUSTMENTS (RPA) SCHEDULE

JUNE 30, 2020

**LIABILITY**

Policy Year	Paid Losses	Reserves	Write-Offs	IBNR's	G&A Expenses	Interest Income	Excess Ins	Cat Fund	RPA Costs	Deposit Prem's	Prior RPA (Due to) From	Current RPA (Due to) From	Est. Refund Dates
Prior Years	\$ 138,568,627	\$ 0	\$ 1,796,204	\$ 535	\$ 48,562,414	\$ (40,613,368)	\$ 85,652,012	\$ 30,295,902	\$ 262,408,365	\$ 293,836,442	\$ (31,445,493)	\$ 16	March 2021
10/1/10-11	4,577,880	318,167	0	31,953	2,318,419	(575,232)	4,595,419	1,620,467	13,457,757	16,204,671	(2,766,439)	19,526	March 2021
10/1/11-12	7,310,319	262	5,036	101,419	2,603,819	(556,326)	4,145,093	1,646,218	16,429,169	16,458,664	(48,326)	18,831	March 2021
10/1/12-13	4,648,071	6,433	0	0	1,674,089	(539,496)	4,080,300	472,772	10,342,168	16,683,953	(6,349,528)	7,744	March 2021
10/1/13-14	7,996,565	0	679	189,435	2,473,835	(632,391)	3,659,417	0	13,687,540	16,340,128	(2,696,516)	43,927	March 2021
10/1/14-15	7,185,934	188,100	15	0	2,028,943	(611,170)	3,634,717	0	12,426,539	15,113,236	(2,757,369)	70,671	March 2021
10/1/15-16	9,158,015	24,651	0	794,335	2,177,531	(510,373)	3,875,750	0	15,519,909	15,308,749	142,981	68,179	March 2021
10/1/16-17	6,702,081	325,465	0	2,062,454	2,708,439	(648,280)	2,758,676	0	13,908,835	16,137,595	0	(2,228,760)	March 2021
10/1/17-18	4,894,576	4,801,094	0	1,172,330	2,582,614	(709,663)	3,014,553	0	15,755,504	17,967,791	0	(2,212,288)	March 2022
10/1/18-19	9,161,853	3,614,912	(11)	533,235	1,597,613	(807,686)	3,196,277	0	17,296,194	17,653,870	0	(357,677)	March 2023
10/1/19-20	1,416,845	1,410,752	2	9,338,902	1,023,991	(968,672)	4,101,769	0	16,323,590	14,881,316	0	1,442,274	March 2024
TOTALS	201,620,766	10,689,836	1,801,924	14,224,599	69,751,710	(47,172,658)	122,713,981	34,035,359	407,555,569	456,586,416	(45,920,690)	(3,127,557)	

**PROPERTY**

Policy Year	Paid Losses	Reserves	Write-Offs	IBNR's	G&A Expenses	Interest Income	Excess Ins	Natural Disaster Fund	RPA Costs	Deposit Prem's	Prior RPA	Current RPA	
Prior Years	11,876,248	0	323	0	7,816,200	(3,118,373)	37,613,904	0	54,188,302	69,701,922	(15,501,621)	(12,000)	March 2021
4/1/14-15	759,655	0	0	0	1,752,612	(52,655)	2,318,261	0	4,777,872	5,261,181	(483,316)	7	March 2021
4/1/15-16	869,804	1,468	0	0	1,667,765	(71,573)	1,527,000	500,000	4,494,464	4,991,249	(497,539)	754	March 2021
4/1/16-17	1,139,801	3,769	0	115,823	1,897,398	(78,804)	1,523,521	500,000	5,101,508	5,207,693	0	(106,185)	March 2021
4/1/17-18	1,174,726	2,164	0	0	1,214,314	(69,357)	1,657,369	500,000	4,479,216	5,663,519	0	(1,184,303)	March 2022
4/1/18-19	2,200,154	319,410	0	0	1,478,242	(86,419)	3,042,615	500,000	7,454,002	5,872,480	0	1,581,522	March 2023
4/1/19-20	566,731	396,205	0	1,173,065	966,164	(97,370)	4,838,728	0	7,843,522	6,817,047	0	1,026,475	March 2024
TOTALS	18,587,119	723,016	323	1,288,888	16,792,695	(3,574,551)	52,521,398	2,000,000	88,338,887	103,515,091	(16,482,477)	1,306,272	

**WORKERS' COMP**

Policy Year	Paid Losses	Reserves	Write-Offs	IBNR's	G&A Expenses	Interest Income	Excess Ins	Cat Fund	RPA Costs	Deposit Prem's	Prior RPA	Current RPA	
Prior Years	12,601,319	33,880	3,000	178,468	3,007,042	3,708,456	6,771,361	1,933,529	24,528,600	24,528,546	(13,903)	13,957	March 2021
7/1/99-00	2,265,738	5,297	0	35,298	1,150,422	(410,995)	94,805	287,633	3,428,197	2,876,330	549,237	2,630	March 2021
7/1/00-01	4,104,393	20,528	918	102,078	1,695,863	(421,081)	75,377	345,395	5,923,471	3,453,944	2,461,584	7,943	March 2021
7/1/01-02	3,492,820	53,081	0	12,099	2,451,988	(575,345)	193,270	476,437	6,104,349	4,764,369	1,335,501	4,480	March 2021
7/1/02-03	3,904,144	584	0	44,272	3,260,529	(688,806)	705,711	826,634	8,053,068	8,266,345	(216,206)	2,930	March 2021
7/1/03-04	3,601,889	237,443	0	178,668	4,072,888	(1,444,285)	723,416	1,187,121	8,962,253	11,871,214	(2,937,250)	28,289	March 2021
7/1/04-05	3,229,923	88,123	0	83,954	3,677,785	(1,793,132)	811,186	1,424,085	7,976,188	14,240,849	(6,276,099)	11,438	March 2021
7/1/05-06	2,635,584	9,970	0	124,446	4,417,908	(1,841,138)	709,319	1,419,640	7,872,949	14,196,396	(6,332,231)	8,784	March 2021
7/1/06-07	2,078,346	1,350	0	4,304	2,452,037	(1,480,515)	783,738	1,248,939	5,462,881	12,489,395	(7,026,804)	289	March 2021
7/1/07-08	3,832,984	761,557	0	469,459	3,611,017	(1,014,627)	691,916	1,025,858	9,378,164	10,258,577	(961,006)	80,592	March 2021
7/1/08-09	7,259,473	52,871	318	640,657	3,555,762	(670,020)	494,603	0	11,333,664	9,289,962	1,995,830	47,871	March 2021
7/1/09-10	4,855,509	9,582	0	127,909	2,758,984	(407,499)	481,560	920,200	9,033,486	9,202,000	(177,421)	8,906	March 2021
7/1/10-11	4,924,083	104,693	0	112,224	3,296,116	(495,387)	466,931	1,037,704	9,754,327	10,371,251	(631,116)	14,191	March 2021
7/1/11-12	5,373,776	491,984	(10,120)	353,240	2,512,973	(484,142)	413,858	559,306	9,210,875	11,377,298	(2,226,470)	60,047	March 2021
7/1/12-13	6,532,970	1,025,476	0	1,549,554	3,169,864	(551,649)	516,165	727,565	12,969,946	12,025,072	775,456	169,418	March 2021
7/1/13-14	4,510,867	249,880	0	846,253	2,129,526	(388,794)	523,904	0	7,871,637	12,127,621	(4,328,959)	72,975	March 2021
7/1/14-15	4,372,749	780,096	0	1,070,154	2,597,783	(440,019)	431,752	0	8,812,515	11,982,323	(3,345,781)	175,972	March 2021
7/1/15-16	2,457,176	448,429	0	792,396	2,048,228	(324,405)	506,645	0	5,928,468	12,209,144	(6,365,152)	84,477	March 2021
7/1/16-17	2,982,262	848,811	0	1,476,926	2,181,640	(394,807)	556,796	0	7,651,628	12,389,670	0	(4,738,041)	March 2021
7/1/17-18	2,543,100	1,505,305	0	2,214,594	2,053,115	(520,180)	499,119	0	8,295,054	12,447,749	0	(4,152,695)	March 2022
7/1/18-19	2,159,206	2,001,715	0	3,223,079	1,701,683	(581,322)	488,946	0	8,993,307	12,982,129	0	(3,988,822)	March 2023
7/1/19-20	1,391,881	2,276,075	48	4,650,044	1,138,239	(693,253)	510,476	0	9,273,510	12,417,595	0	(3,144,085)	March 2024
TOTALS	\$ 91,110,191	\$ 11,006,730	\$ (5,836)	\$ 18,290,078	\$ 58,941,393	\$ (11,912,945)	\$ 17,450,854	\$ 13,420,047	\$ 196,818,536	\$ 245,767,779	\$ (33,720,790)	\$ (15,228,454)	

A = Appropriated from Cat Fund R = Refunded Cat Fund S-T = Self Insured Excess Fund transferred to RSF Fund (No longer active)

## ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
COMBINED PRIMARY AND EXCESS LAYERS  
FOR THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020**

	<u>LIABILITY</u>	<u>DAM FAILURE</u>	<u>PROPERTY</u>	<u>PASS - THROUGHS</u>	<u>WORKERS' COMP</u>	<u>STORAGE TANKS</u>	<u>TOTALS</u>
<b>REVENUE:</b>							
1 Deposit Premiums Earned	\$ 15,524,489	\$ 302,494	\$ 5,143,480	\$ 1,001,170	\$ 9,212,195	\$ 27,707	\$ 31,211,535
2 Net Investment & Other Income	1,273,787	0	71,019	0	1,087,253	8,144	2,440,203
3 Expected "Specific" Excess Insur. Recoveries	4,659,157	0	1,071,000	0	(70,013)	0	5,660,143
4 Less: Doubtful Recoveries	(6,665)	0	0	0	(366)	0	(7,030)
5 <b>Total Revenue</b>	<u>21,450,768</u>	<u>302,494</u>	<u>6,285,500</u>	<u>1,001,170</u>	<u>10,229,069</u>	<u>35,851</u>	<u>39,304,851</u>
<b>EXPENSES:</b>							
6 Paid Claims - JPIA - Primary	13,676,303	0	603,634	0	3,900,025	0	18,179,962
7 Paid Claims - JPIA - Excess	22,367,943	0	5,102,391	0	(32,100)	0	27,438,234
8 Reserves for Reported Claims - Primary	(5,615,597)	0	(255,151)	0	(411,904)	0	(6,282,653)
9 Reserves for Reported Claims - Excess	(18,779,786)	0	(5,758,215)	0	(90,720)	0	(24,628,721)
10 Res for Unreported Claims/Claims Dev.-Primary	4,171,329	0	935,074	0	2,750,377	0	7,856,781
11 Res for Unreported Claims/Claims Dev.-Excess	1,071,000	0	1,726,824	0	52,807	0	2,850,631
12 <b>Claims Expense Sub-Total</b>	<u>16,891,191</u>	<u>0</u>	<u>2,354,557</u>	<u>0</u>	<u>6,168,486</u>	<u>0</u>	<u>25,414,234</u>
13 Purchased Excess Insurance	4,101,769	286,435	3,445,287	984,024	364,692	12,997	9,195,203
14 General & Administrative Expenses	2,207,061	16,059	1,050,348	17,146	2,700,894	400	5,991,907
15 Direct Expenses	168,551	0	46,179	0	240,967	0	455,696
16 <b>Total Expenses</b>	<u>23,368,572</u>	<u>302,494</u>	<u>6,896,369</u>	<u>1,001,170</u>	<u>9,475,038</u>	<u>13,397</u>	<u>41,057,040</u>
17 Catastrophic/Natural Disaster Fund Contributions	0	0	0	0	0	2,556	2,556
<b>EXCESS OF REVENUE OVER EXP:</b>							
18 <b>Retro Prem Adj (Due From members)</b>	<u>\$ (1,917,803)</u>	<u>\$ 0</u>	<u>\$ (610,870)</u>	<u>\$ 0</u>	<u>\$ 754,030</u>	<u>\$ 19,898</u>	<u>\$ (1,754,745)</u>

## ACWA JPIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2020

	LIABILITY	DAM FAILURE	PROPERTY	PASS - THROUGHS	WORKERS' COMP	STORAGE TANKS	UTEL	TOTAL
<b>REVENUE</b>								
1 Deposit Premiums Earned	\$ 456,586,416	\$ 13,131,301	\$ 103,515,091	\$ 8,800,797	\$ 245,767,779	\$ 1,453,987	\$ 357,585	\$ 829,612,956
2 Net Investment & Other Income	47,172,658		3,574,551		18,684,306	293,056	71,745	69,796,317
3 Expected "Specific" Excess Insur. Recoveries	75,492,480		39,195,004	424,984	5,424,541			120,537,010
4 Less: Doubtful Recoveries	(1,801,925)		(323)		5,836			(1,796,411)
5 <b>Total Revenue</b>	<b>577,449,630</b>	<b>13,131,301</b>	<b>146,284,324</b>	<b>9,225,781</b>	<b>269,882,463</b>	<b>1,747,043</b>	<b>429,330</b>	<b>1,018,149,872</b>
<b>EXPENSES</b>								
6 Paid Claims - JPIA - Primary	201,620,766	0	18,587,119	0	91,110,191	28,119	256,404	311,602,599
7 Paid Claims - JPIA - Excess	72,683,244		32,777,781	424,984	4,991,306			110,877,316
8 Expected "Aggregate" Excess Insur.Recoveries	(1,775,777)		0		0			(1,775,777)
9 Reserves for Reported Claims - Primary	10,689,838		723,016		11,006,730			22,419,583
10 Reserves for Reported Claims - Excess	750,238		2,963,162	0	255,972			3,969,372
11 Reserves for IBNR Claims/Claims Dev. - Primary	14,224,598		1,288,888		18,290,077			33,803,563
12 Reserves for IBNR Claims/Claims Dev. - Excess	2,059,000		3,454,063		177,267			5,690,330
13 <b>Claims Expense Sub-Total</b>	<b>300,251,907</b>	<b>0</b>	<b>59,794,029</b>	<b>424,984</b>	<b>125,831,542</b>	<b>28,119</b>	<b>256,404</b>	<b>486,586,985</b>
14 Purchased Excess Insurance	122,713,981	12,928,208	52,521,398	8,158,312	17,450,854	681,556	200,716	214,655,025
15 General & Administrative Expenses	68,998,612	203,093	16,589,647	642,484	60,504,050	89,390	30,419	147,057,695
16 Direct Expenses (Beginning 10/01/2014)	753,097	0	203,049	0	1,500,249	0	0	2,456,395
17 <b>Total Expenses</b>	<b>492,717,597</b>	<b>13,131,301</b>	<b>129,108,122</b>	<b>9,225,781</b>	<b>205,286,695</b>	<b>799,065</b>	<b>487,539</b>	<b>850,756,100</b>
18 Catastrophic/Natural Disaster Fund Contributions	34,017,959		2,000,000		13,420,046	140,637	35,759	49,614,401
19 Self Insured Excess Fund	2,346,634				2,226,480			4,573,113
20 Appropriated Catastrophic Funds for Members	(680,806)				0			(680,806)
<b>EXCESS REVENUE OVER EXPENSES</b>								
21 <b>Retro Prem Adj (Due From Member)</b>	<b>\$ 49,048,246</b>	<b>\$ 0</b>	<b>\$ 15,176,202</b>	<b>\$ 0</b>	<b>\$ 48,949,242</b>	<b>\$ 807,342</b>	<b>\$ (93,968)</b>	<b>\$ 113,887,063</b>
22 Catastrophic Fund Contributions	\$ 34,017,959	\$ 0	\$ 2,000,000	\$ 0	\$ 13,420,046	\$ 140,637	\$ 35,759	\$ 49,614,401
23 Catastrophic Funds Returned to Members	(10,518,754)				(387,306)	(68,809)	(35,759)	(11,010,627)
24 Appropriated Catastrophic Funds for Members	(680,806)				0			(680,806)
25 Rolled into RSF Fund	(6,281,003)				(3,673,350)			(9,954,353)
26 Appropriated from RSF Fund	8,433,944				7,081,012			15,514,956
27 <b>Total Catastrophic Fund Contributions</b>	<b>\$ 24,971,340</b>	<b>\$ 0</b>	<b>\$ 2,000,000</b>	<b>\$ 0</b>	<b>\$ 16,440,402</b>	<b>\$ 71,828</b>	<b>\$ 0</b>	<b>\$ 43,483,570</b>

Net Premiums (Deposit Premium + RPAs)	\$ 3,778,225	\$ 4,212,165	\$ 4,115,987	\$ 4,166,525	\$ 4,777,872	\$ 4,494,464	\$ 5,101,508	\$ 4,479,216	\$ 5,963,202	\$ 7,843,522	\$ 88,338,887
										Annualized	

Net Premiums (Deposit Premium + RPAs)	\$	9,754,327	\$	9,210,875	\$	12,969,946	\$	7,871,637	\$	8,812,515	\$	5,928,468	\$	7,651,628	\$	8,295,054	\$	8,993,307	\$	9,273,510	\$	196,818,536
Net Premiums ÷ Payrolls	\$	0.0245	\$	0.0226	\$	0.0303	\$	0.0177	\$	0.0195	\$	0.0126	\$	0.0152	\$	0.0159	\$	0.0159	\$	0.0153	\$	0.0221
																						Annualized

## ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
CUMULATIVE FROM JULY 1, 2012 THROUGH JUNE 30, 2020**

**EMPLOYEE BENEFITS by PROGRAM YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
<b>REVENUE:</b>										
1 Deposit Premiums Earned	\$ 52,887,792	\$ 113,153,445	\$ 120,156,284	\$ 120,504,552	\$ 126,122,113	\$ 138,407,245	\$ 144,096,972	\$ 145,550,029	\$ 74,982,193	\$ 1,035,860,625
2 Net Investment & Other Income	64,039	218,274	347,011	555,210	752,216	740,114	1,088,728	1,789,674	1,080,123	6,635,389
3 Administrative Fee	604,593	1,205,005	1,226,119	1,231,559	1,256,170	1,286,007	1,294,042	1,346,227	1,116,170	10,565,893
4 Exp. "Specific" Excess Insur. Rec.	2,772,115	754,583	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,040,438	0	15,656,995
5 Less: Doubtful Recoveries	(45,814)	(512,914)	(35,233)	(119)	0	0	0	0	0	(594,080)
6 <b>Total Revenue</b>	<b>56,282,726</b>	<b>114,818,392</b>	<b>122,385,734</b>	<b>124,199,980</b>	<b>132,820,573</b>	<b>141,651,982</b>	<b>149,060,582</b>	<b>149,726,368</b>	<b>77,178,486</b>	<b>1,068,124,822</b>
<b>EXPENSES:</b>										
7 Paid Claims - Primary	31,840,108	69,780,190	74,346,152	78,661,126	81,297,624	80,840,759	73,798,726	73,957,569	35,128,790	599,651,043
8 Paid Claims - Excess	2,772,115	754,582	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,040,438	0	15,656,994
9 <b>Claims Expense Sub-Total</b>	<b>34,612,223</b>	<b>70,534,772</b>	<b>75,037,706</b>	<b>80,569,903</b>	<b>85,987,697</b>	<b>82,059,375</b>	<b>76,379,566</b>	<b>74,998,007</b>	<b>35,128,790</b>	<b>615,308,037</b>
10 Purchased Carrier Insurance	17,915,051	39,253,109	46,141,302	45,688,977	46,400,650	50,970,127	56,749,997	58,240,890	30,367,557	391,727,660
11 Purchased Excess Insurance	541,419	836,491	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,451	1,523,491	13,338,050
12 General & Administrative Expenses	737,231	1,647,194	1,903,854	2,733,941	2,082,993	2,148,424	1,979,585	1,958,719	874,768	16,066,710
13 Direct Expenses (Beginning 10/01/2014)	0	86,999	974,596	947,446	911,463	669,120	464,044	675,543	343,656	5,072,867
14 <b>Total Expenses</b>	<b>53,805,924</b>	<b>112,358,565</b>	<b>125,087,443</b>	<b>131,216,694</b>	<b>136,921,603</b>	<b>137,483,489</b>	<b>137,680,734</b>	<b>138,720,611</b>	<b>68,238,262</b>	<b>1,041,513,324</b>
15 HMO 2012 PY Set Aside Fund	426,923	0	0	0	0	0	0	0	0	426,923
<b>EXCESS REVENUE OVER EXPENSES</b>										
16 <b>Net Increase (Decrease) in EB Reserve:</b>	<b>\$ 2,903,725</b>	<b>\$ 2,459,827</b>	<b>\$ (2,701,709)</b>	<b>\$ (7,016,714)</b>	<b>\$ (4,101,030)</b>	<b>\$ 4,168,493</b>	<b>\$ 11,379,848</b>	<b>\$ 11,005,758</b>	<b>\$ 8,940,224</b>	<b>\$ 27,038,421</b>

## ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
CUMULATIVE FROM JULY 1, 2012 THROUGH JUNE 30, 2020**

**EMPLOYEE BENEFITS  
Anthem Self-Funded PPO Program**

	Anthem PPO 81 Policy Year 2012	Anthem PPO 81 Policy Year 2013	Anthem PPO 81 Policy Year 2014	Anthem PPO 81 Policy Year 2015	Anthem PPO 81 Policy Year 2016	Anthem PPO 81 Policy Year 2017	Anthem PPO 81 Policy Year 2018	Anthem PPO 81 Policy Year 2019	Anthem PPO 81 Policy Year 2020	Anthem PPO 81  <b>Totals</b>
<b>REVENUE:</b>										
Deposit Premiums Earned	\$ 31,096,943	\$ 67,434,383	\$ 68,901,678	\$ 67,684,801	\$ 71,689,085	\$ 78,658,897	\$ 80,056,078	\$ 79,303,896	\$ 40,277,110	\$ 585,102,871
Net Investment & Other Income	31,775	122,629	195,227	270,714	579,926	571,453	885,823	1,554,166	936,856	5,148,568
Administrative Fee	273,466	543,825	533,006	533,291	529,242	528,928	523,588	524,668	446,300	4,436,314
Exp. "Specific" Excess Insur. Rec.	2,772,115	754,583	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,040,438	0	15,656,995
Less: Doubtful Recoveries	(42,356)	(443,878)	(3,476)	0	0	0	0	0	0	(489,710)
<b>Total Revenue</b>	<b>34,131,942</b>	<b>68,411,542</b>	<b>70,317,989</b>	<b>70,397,582</b>	<b>77,488,326</b>	<b>80,977,895</b>	<b>84,046,329</b>	<b>82,423,168</b>	<b>41,660,266</b>	<b>609,855,039</b>
<b>EXPENSES:</b>										
Paid Claims - Primary	27,789,157	61,367,722	65,880,484	68,514,569	70,845,824	70,049,166	62,875,050	63,066,148	31,575,189	521,963,309
Paid Claims - Excess	2,772,115	754,582	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,040,438	0	15,656,994
<b>Claims Expense Sub-Total</b>	<b>30,561,272</b>	<b>62,122,304</b>	<b>66,572,037</b>	<b>70,423,346</b>	<b>75,535,897</b>	<b>71,267,782</b>	<b>65,455,889</b>	<b>64,106,586</b>	<b>31,575,189</b>	<b>537,620,303</b>
Purchased Carrier Insurance	1,469,469	2,982,020	2,285,319	2,401,132	2,319,257	2,274,915	3,519,318	3,256,360	1,698,947	22,206,737
Purchased Excess Insurance	541,419	836,491	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,451	1,523,491	13,338,050
General & Administrative Expenses	382,880	886,997	1,037,912	1,708,580	1,183,682	1,211,213	1,100,615	1,038,813	340,008	8,890,702
Direct Expenses (Beginning 10/01/2014)	0	59,886	818,304	766,345	766,745	504,776	269,241	437,815	222,206	3,845,318
<b>Total Expenses</b>	<b>32,955,041</b>	<b>66,887,698</b>	<b>71,743,557</b>	<b>76,575,832</b>	<b>81,344,381</b>	<b>76,895,129</b>	<b>72,452,605</b>	<b>71,687,025</b>	<b>35,359,842</b>	<b>585,901,110</b>
<b>EXCESS OF REVENUE OVER EXP:</b>										
<b>Net Increase (Decrease) in EB Reserve:</b>	<b>\$ 1,176,902</b>	<b>\$ 1,523,843</b>	<b>\$ (1,425,568)</b>	<b>\$ (6,178,250)</b>	<b>\$ (3,856,055)</b>	<b>\$ 4,082,766</b>	<b>\$ 11,593,724</b>	<b>\$ 10,736,143</b>	<b>\$ 6,300,425</b>	<b>\$ 23,953,929</b>
<b>Projected Subsidy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,600,000</b>	<b>2,847,635</b>	<b>2,001,344</b>	<b>1,129,232</b>	<b>1,251,202</b>	<b>1,053,537</b>	<b>9,882,950</b>
<b>Net Change in Funds After Subsidy:</b>	<b>\$ 1,176,902</b>	<b>\$ 1,523,843</b>	<b>\$ (1,425,568)</b>	<b>\$ (4,578,250)</b>	<b>\$ (1,008,420)</b>	<b>\$ 6,084,110</b>	<b>\$ 12,722,956</b>	<b>\$ 11,987,345</b>	<b>\$ 7,353,962</b>	<b>\$ 33,836,879</b>

## ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
CUMULATIVE FROM JULY 1, 2012 THROUGH JUNE 30, 2020**

**EMPLOYEE BENEFITS  
Delta Dental Self-Funded Program**

	Delta Dental 85 Policy Year 2012	Delta Dental 85 Policy Year 2013	Delta Dental 85 Policy Year 2014	Delta Dental 85 Policy Year 2015	Delta Dental 85 Policy Year 2016	Delta Dental 85 Policy Year 2017	Delta Dental 85 Policy Year 2018	Delta Dental 85 Policy Year 2019	Delta Dental 85 Policy Year 2020	Delta Dental 85  <b>Totals</b>
<b>REVENUE:</b>										
Deposit Premiums Earned	\$ 5,337,066	\$ 10,519,049	\$ 10,310,224	\$ 9,841,377	\$ 9,812,500	\$ 10,026,797	\$ 9,988,735	\$ 10,169,978	\$ 5,092,517	\$ 81,098,243
Net Investment & Other Income	20,708	57,297	132,035	262,735	127,396	124,087	120,060	191,579	93,973	1,129,868
Administrative Fee	112,162	216,922	215,555	213,315	220,468	225,239	225,124	229,710	215,706	1,874,201
Less: Doubtful Recoveries	0	(58,671)	(525)	0	0	0	0	0	0	(59,196)
<b>Total Revenue</b>	<b>5,469,935</b>	<b>10,734,596</b>	<b>10,657,290</b>	<b>10,317,427</b>	<b>10,160,363</b>	<b>10,376,122</b>	<b>10,333,919</b>	<b>10,591,267</b>	<b>5,402,196</b>	<b>84,043,116</b>
<b>EXPENSES:</b>										
Paid Claims - Primary	4,050,950	8,412,468	8,465,669	8,363,419	8,510,748	8,629,206	8,718,830	8,591,069	3,175,504	66,917,863
Purchased Carrier Insurance	426,824	988,445	916,911	879,824	867,049	832,276	780,335	768,901	284,208	6,744,773
General & Administrative Expenses	135,386	315,939	388,385	495,518	363,897	374,825	313,004	304,597	137,527	2,829,078
Direct Expenses (Beginning 10/01/2014)	0	5,938	31,540	33,925	26,260	27,845	30,699	31,883	15,785	203,874
<b>Total Expenses</b>	<b>4,613,160</b>	<b>9,722,789</b>	<b>9,802,505</b>	<b>9,772,686</b>	<b>9,767,954</b>	<b>9,864,153</b>	<b>9,842,868</b>	<b>9,696,449</b>	<b>3,613,024</b>	<b>76,695,588</b>
<b>EXCESS OF REVENUE OVER EXP:</b>										
<b>Net Increase (Decrease) in EB Reserve:</b>	<b>\$ 856,775</b>	<b>\$ 1,011,806</b>	<b>\$ 854,785</b>	<b>\$ 544,741</b>	<b>\$ 392,409</b>	<b>\$ 511,969</b>	<b>\$ 491,051</b>	<b>\$ 894,818</b>	<b>\$ 1,789,172</b>	<b>\$ 7,347,528</b>



## ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
CUMULATIVE FROM JULY 1, 2012 THROUGH JUNE 30, 2020**

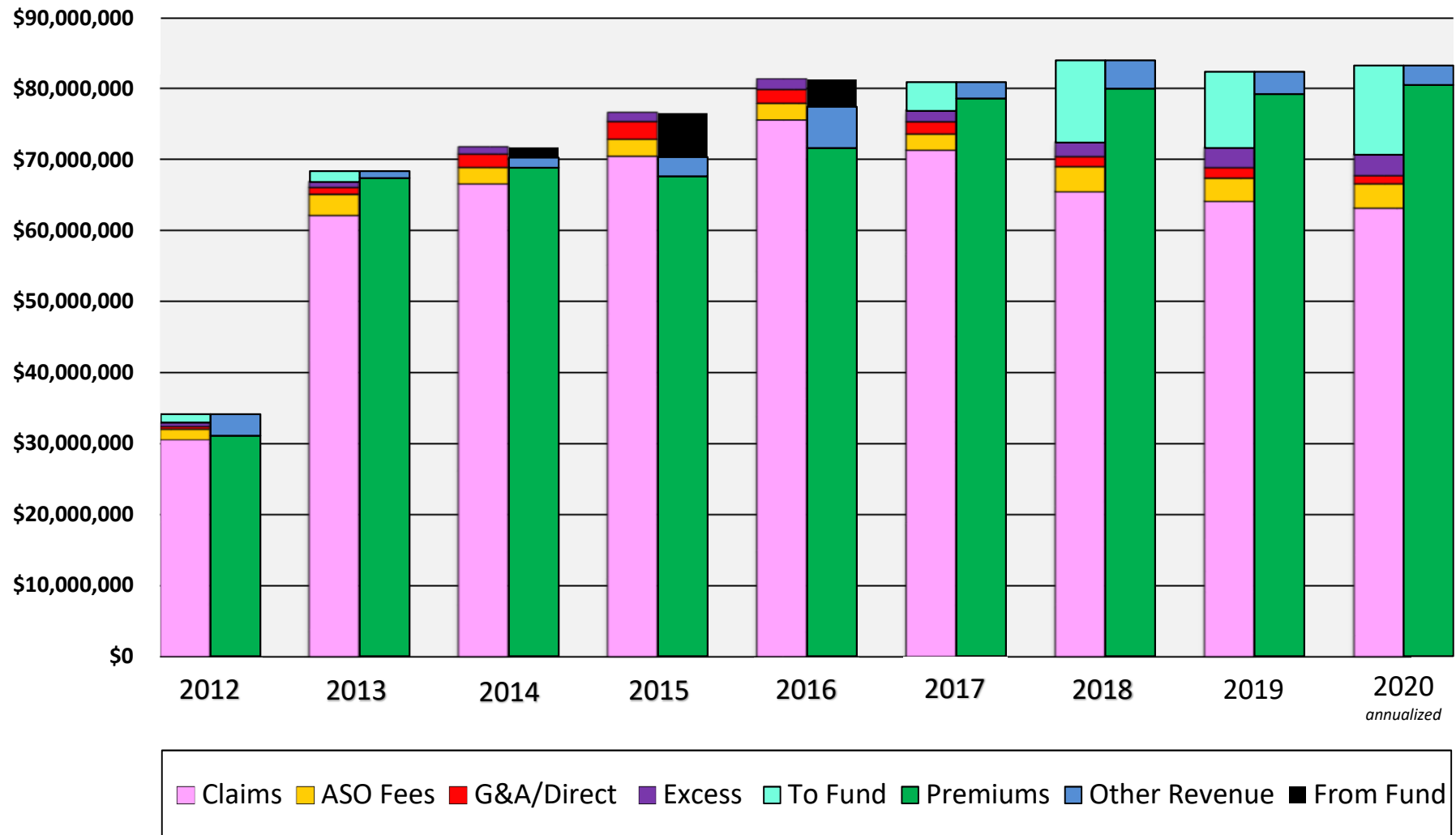
**EMPLOYEE BENEFITS  
VSP Self-Insured Vision Program**

	Vision 87 Policy Year 2012	Vision 87 Policy Year 2013	Vision 87 Policy Year 2014	*Vision 87 Policy Year 2015	Vision 87 Policy Year 2016	Vision 87 Policy Year 2017	Vision 87 Policy Year 2018	Vision 87 Policy Year 2019	Vision 87 Policy Year 2020	Vision 87  <b>Totals</b>
<b>REVENUE:</b>										
Deposit Premiums Earned	\$ 801,356	\$ 1,559,863	\$ 1,586,375	\$ 1,608,824	\$ 1,642,161	\$ 1,682,028	\$ 1,728,444	\$ 1,762,938	\$ 883,031	\$ 13,255,020
Net Investment & Other Income	0	0	0	6,938	25,564	26,629	28,094	46,687	45,354	179,266
Administrative Fee	65,690	127,500	121,941	122,820	124,942	127,559	130,691	133,030	90,864	1,045,036
Less: Doubtful Recoveries	(775)	(6,719)	(597)	0	0	0	0	0	0	(8,091)
<b>Total Revenue</b>	<b>866,271</b>	<b>1,680,644</b>	<b>1,707,719</b>	<b>1,738,582</b>	<b>1,792,667</b>	<b>1,836,217</b>	<b>1,887,229</b>	<b>1,942,655</b>	<b>1,019,249</b>	<b>14,471,232</b>
<b>EXPENSES:</b>										
Paid Claims - Primary	0	0	0	1,296,370	1,340,952	1,338,292	1,379,825	1,355,317	495,341	7,206,096
Purchased Carrier Insurance	800,112	1,561,781	1,586,671	171,037	173,768	177,212	180,956	184,195	94,351	4,930,083
General & Administrative Expenses	65,690	127,500	121,941	167,709	153,895	158,104	151,327	156,489	61,062	1,163,717
Direct Expenses (Beginning 10/01/2014)	0	954	5,129	5,856	4,631	4,916	5,588	5,812	2,896	35,782
<b>Total Expenses</b>	<b>865,802</b>	<b>1,690,236</b>	<b>1,713,740</b>	<b>1,640,972</b>	<b>1,673,245</b>	<b>1,678,524</b>	<b>1,717,696</b>	<b>1,701,814</b>	<b>653,650</b>	<b>13,335,679</b>
<b>EXCESS OF REVENUE OVER EXP:</b>										
<b>Net Increase (Decrease) in EB Reserve:</b>	<b>\$ 469</b>	<b>\$ (9,592)</b>	<b>\$ (6,022)</b>	<b>\$ 97,611</b>	<b>\$ 119,421</b>	<b>\$ 157,692</b>	<b>\$ 169,533</b>	<b>\$ 240,841</b>	<b>\$ 365,599</b>	<b>\$ 1,135,553</b>

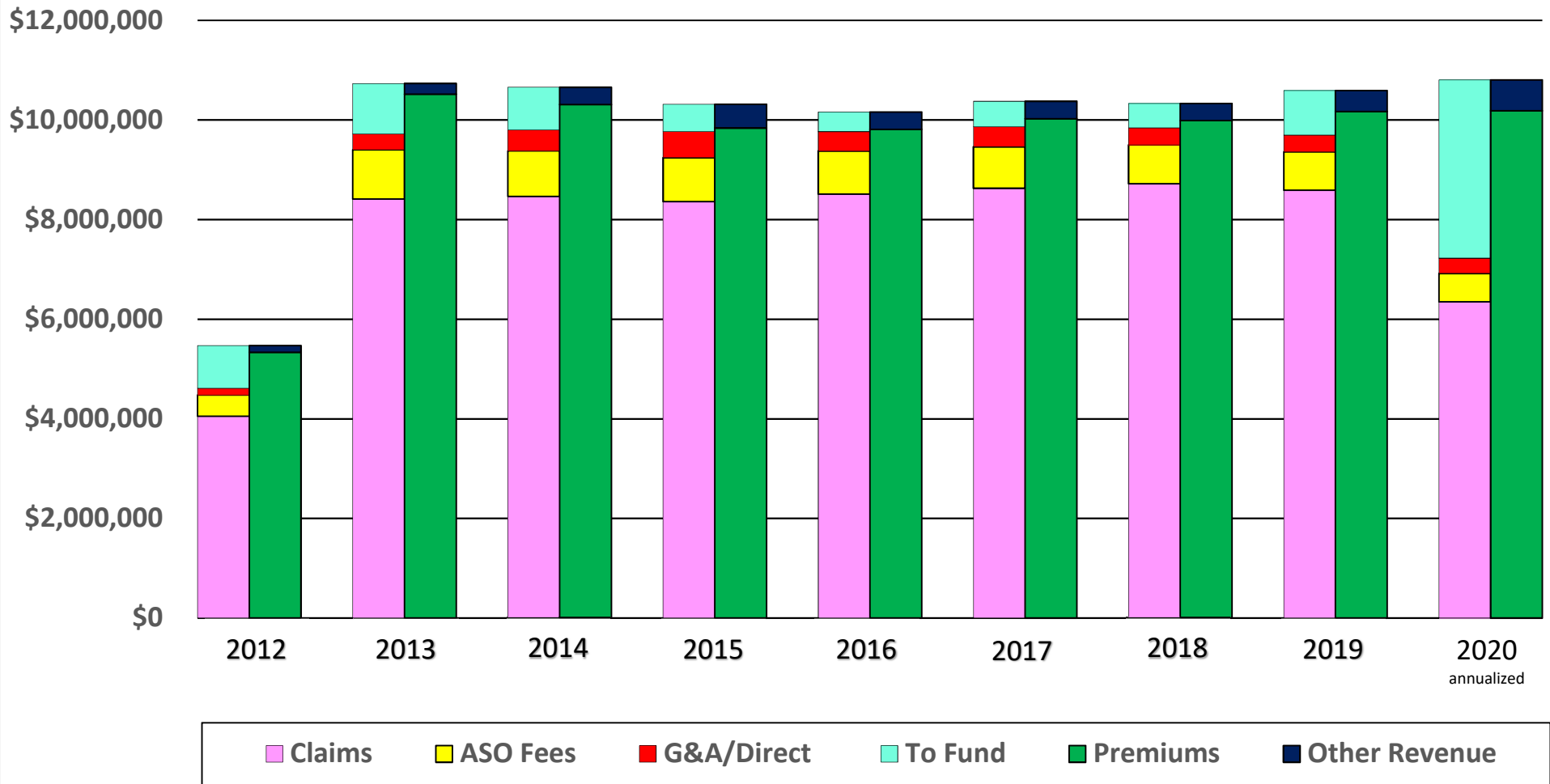
*\*Vision converted to a self-funded*

*plan 1/1/15*

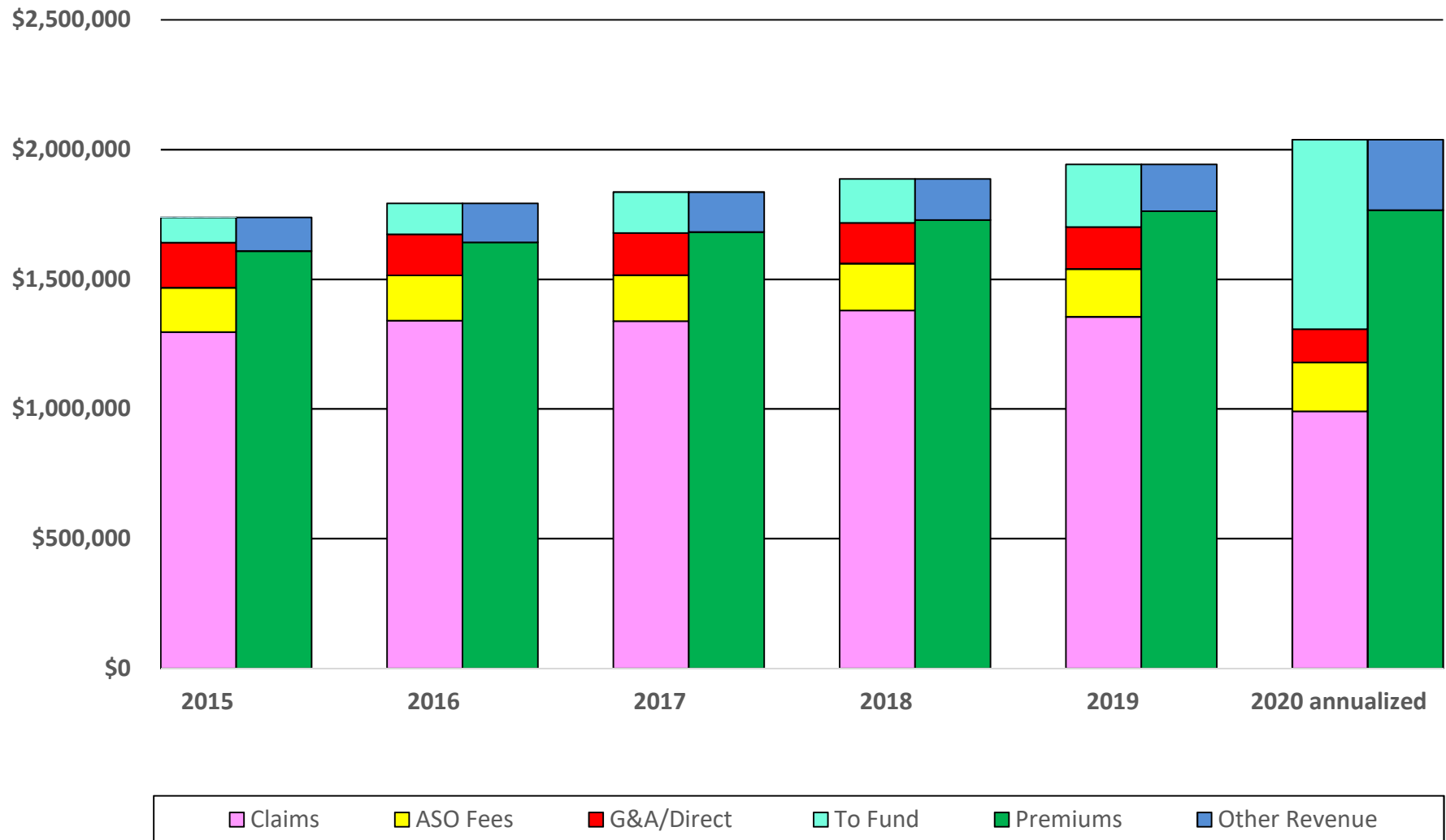
**ACWA JPIA**  
**EMPLOYEE BENEFITS**  
**Anthem PPO**  
 Revenue vs Costs (by policy year)  
 Annualized as of 06/30/20



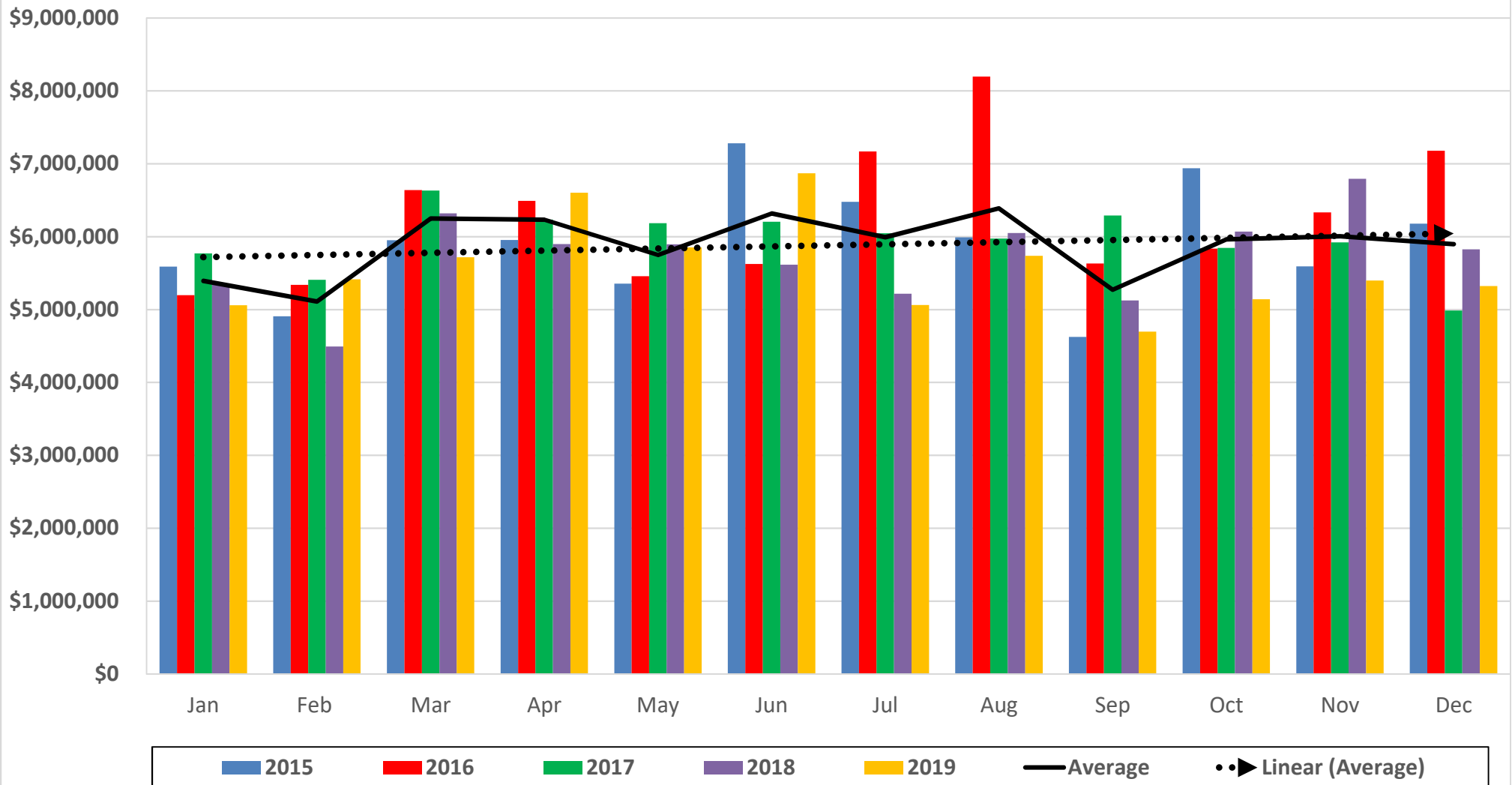
**ACWA JPIA**  
**EMPLOYEE BENEFITS**  
**Delta Dental Self Insured Program**  
 Revenue vs Costs (by policy year)  
 Annualized as of 6/30/20



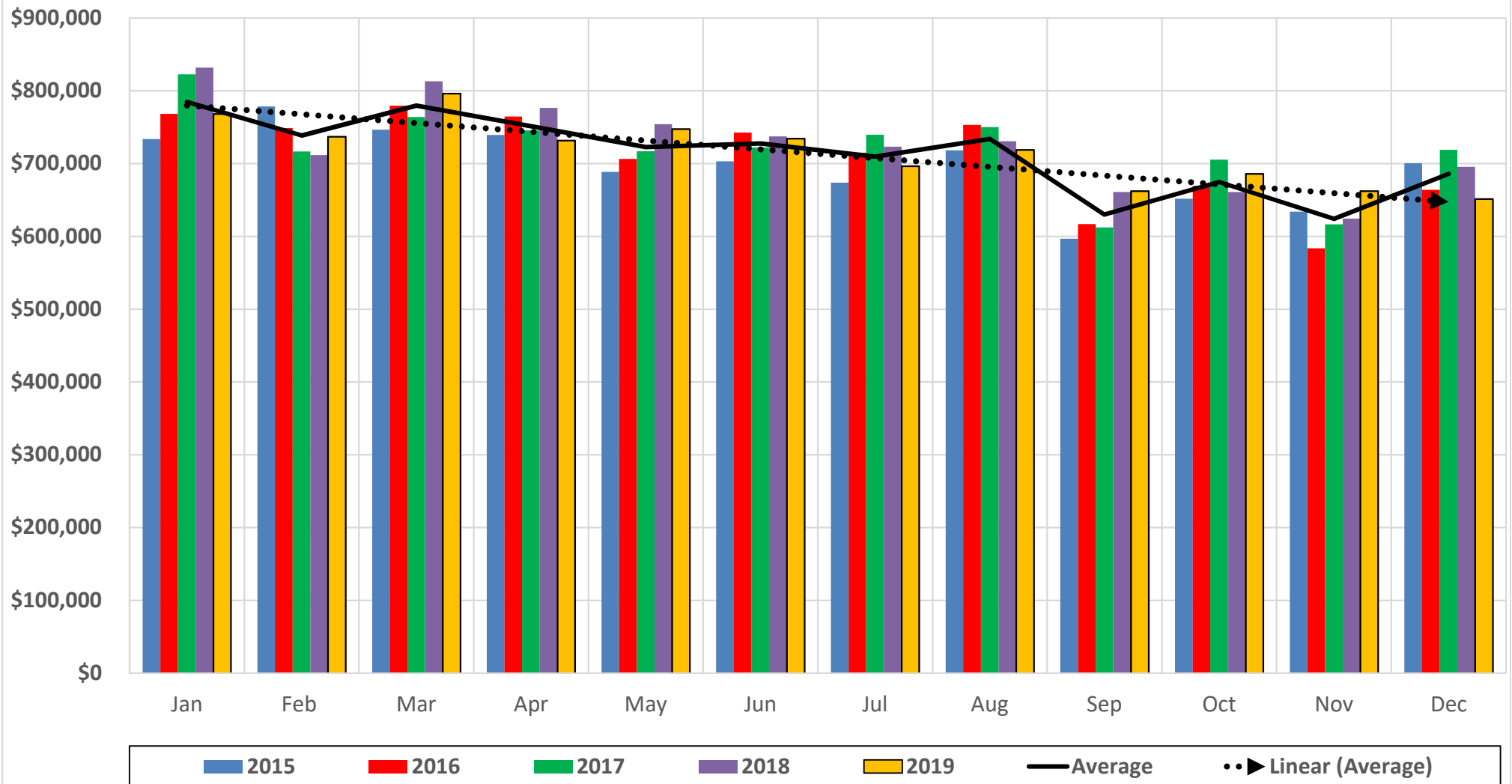
**ACWA JPIA**  
EMPLOYEE BENEFITS  
Vision Self Insured Program  
Revenue vs Costs (by policy year)  
Annualized as of 6/30/20



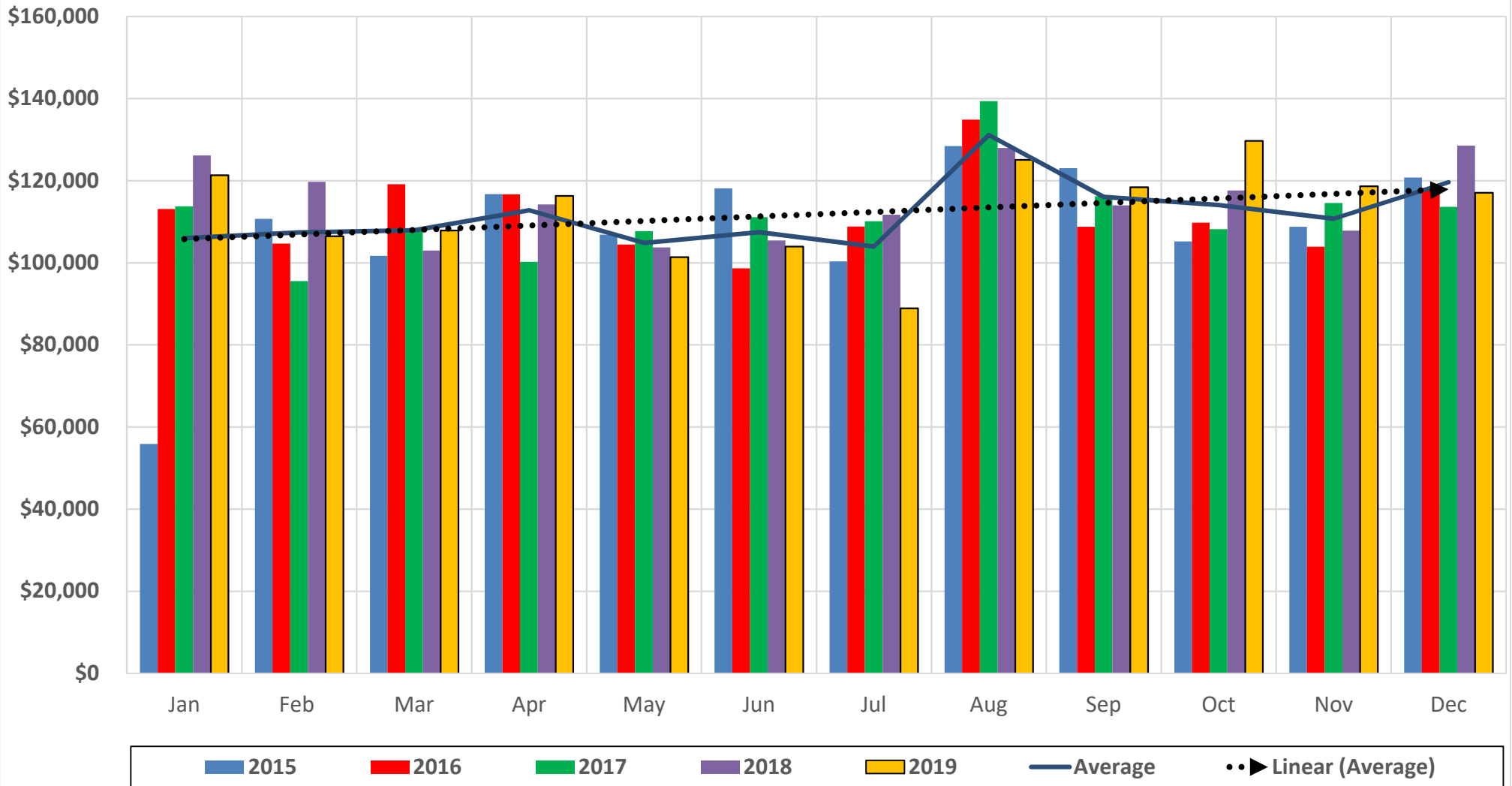
**ACWA JPIA**  
 EMPLOYEE BENEFITS  
 Anthem PPO Program  
 Claim Expenses by Month  
 06/30/20



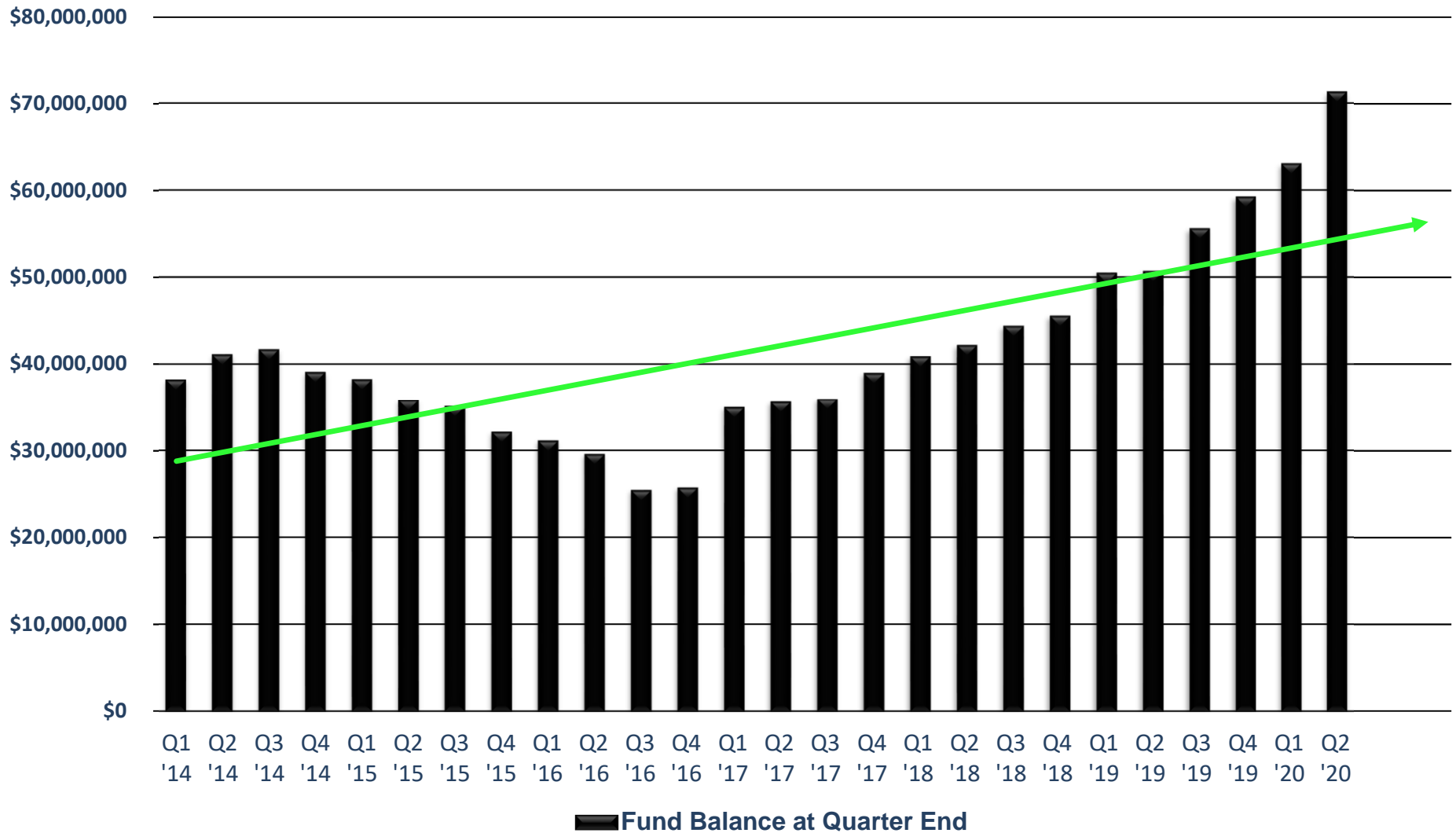
ACWA JPIA  
EMPLOYEE BENEFITS  
Delta Dental Self Insured Program  
Claims by Month  
06/30/20



ACWA JPIA  
EMPLOYEE BENEFITS  
Vision Self Insured Program  
Claims by Month  
06/30/20



**ACWA JPIA**  
**EMPLOYEE BENEFITS**  
Fund Balance  
at Quarter End 2014 - Current





**ACWA JPIA**  
**Captive Insurance Company Update**  
August 24, 2020

**BACKGROUND**

At the November 26, 2018 meeting, the Board of Directors approved a resolution to proceed with forming the California Water Insurance Fund (CWIF) a Captive Insurance Company. The Captive is a private company wholly owned by the JPIA, domiciled in the state of Utah.

- CWIF board members elected at the Spring 2019 JPIA Board meeting.
- First Board meeting held in June, 2019.
  - a. Appointed officers
    - i. Chair of the Board – Tom Cuquet
    - ii. Vice Chair – David Drake
      - 1. President – Walter ‘Andy’ Sells
      - 2. Vice President – Robert Greenfield
      - 3. Treasurer – David deBernardi
      - 4. Secretary – Lorin Barker
  - b. Reviewed duties and expectations
  - c. Set future meeting calendar
- Completed and submitted all required documents to the State of Utah in July and August 2019.
- Selected PFM as CWIF Investment advisor.
- Received Certificate of Authority from State of Utah effective October 1, 2019.

**CURRENT SITUATION**

Since the last report to the board:

- 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

**RECOMMENDATION**

None, informational only.

# JPIA MEETING & CONFERENCE CALENDAR – 2020

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MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
JAN 15			11:00 AM ONTARIO						
JAN 22		8:30 AM							
APRIL 10		10:00 AM ZOOM							
MAY 1		10:00 AM ZOOM							
MAY 14				10:00 AM ZOOM					
MAY 15		10:00 AM ZOOM							
MAY 28								10:00 AM ZOOM	
JUN 1		2:00 PM ZOOM							
JUN 11							10:00 AM ZOOM		
JUN 12		10:00 AM ZOOM							
JUL 14		1:00 PM ZOOM							
JUL 22					9:00 AM ZOOM				
JUL 23		1:30 PM ZOOM							
JUL 27	10:00 AM ZOOM								
AUG 24				10:00 AM ZOOM		1:00 PM ZOOM			
AUG 25		10:00 AM ZOOM							
SEP 21		10:00 AM ZOOM							
OCT 7			TBD						
OCT 22		8:30 AM							
Nov 30	1:30 PM	10:15 AM							

\*\*DATES AND TIMES SUBJECT TO CHANGE

Date Prepared: 8/3/2020 11:28 AM