



San Gabriel Valley Mosquito & Vector Control District

1145 North Azusa Canyon Road, West Covina, CA 91790

Phone: 626-814-9466 | Website: www.sgvmosquito.org

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FINANCE AND AUDIT COMMITTEE MEETING AGENDA FEBRUARY 22, 2023 – 3:00 p.m. (via teleconference)

Please note: In compliance with AB 361, members of the SGVMVCD Board of Trustees, staff and the public may participate in this meeting via teleconference.

In the interest of maintaining appropriate social distancing, the Board of Trustees encourages the use of one of the following options for participating in this meeting and/or providing public comment before and during the meeting:

- **Telephone:** Listen to the meeting live by calling Zoom at (669) 900-6833. Enter the Meeting ID# 871 7285 3835 followed by the pound (#) key.
- **Computer or Smartphone:** Connect to the meeting via the Zoom app by clicking on the following link <https://us02web.zoom.us/j/87172853835> or by entering Meeting ID# 871 7285 3835

HOW TO SUBMIT PUBLIC COMMENTS:

Before the meeting: Please email your comments to district@sgvmosquito.org, write "Public Comment" in the subject line. In the body of the email, include the agenda item number and title, as well as your comments. Emailed public comments will be read aloud at the meeting and will be part of the recorded meeting minutes. All comments must be received before 5:00 AM the day of the meeting in order to be included as an agenda supplement on the District's website under the relevant meeting date and provided to the Trustees at the meeting.

During the meeting: The Board President or designee will announce the opportunity to make public comments regarding an item on the agenda during the meeting. Please use the "Raise Hand" function on your computer or press *9 on your phone at the appropriate time during the public comment portion to be recognized by the Board President. Please limit comments to three minutes.



1. **Call to Order**

1.1 Roll Call Attendance

1.2 ORDER OF BUSINESS - Review and prioritization of agenda Items including, if necessary, identification of any emergency items arising after posting of the agenda and requiring action prior to next regular meeting

2. **Approval of Minutes:** January 18, 2023 (Motion, second, and roll call vote)

3. **Opportunity for Public Comment on Non-Agenda Items**

(Individual Public Comments may be limited to a 3-minute or less time limit) During Public Comments, the public may address the Board on any issue within the District's jurisdiction that is not on the agenda. The public may comment on any item on the agenda at the time that item is before the Board for consideration. There will be no dialog between the Board and the Commenter. Any clarifying questions from the Board must go through the Board President.

4. **Consideration of Annual Review of Investment Policy, Resolution 94-02, Fiscal Policies, Article XIII, Investments (EXHIBIT 4A)** (Secretary-Treasurer, Lloyd Johnson) (Recommendation for Board Approval)

- **Call for Public Comment**

- **Committee Action Required:** If the Committee concurs, following the public discussion by members for this item, the appropriate action is to recommend approval of the Annual Review of Investment Policy, Resolution 94-02, Fiscal Policies, Article XIII, Investments to the Board of Trustees.

- **Alternative Committee Action:** If after discussion by members of this item, the Committee may choose not to recommend approval of the of the Annual Review of Investment Policy, Resolution 94-02, Fiscal Policies, Article XIII, Investments to the Board of Trustees.

5. **Adjournment**

Finance and Audit Committee
Corey Calaycay, Claremont
Joseph Leon, Monterey Park
John Capoccia, Sierra Madre
Robert Joe, South Pasadena
Lloyd Johnson, West Covina (Chair)



CERTIFICATE OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California that a copy of the foregoing agenda was posted at 1145 North Azusa Canyon Road, West Covina, CA 91790 and the District's website (www.sgvmosquito.org) not less than 72 hours prior to the meeting per Government Code 54954.2.

Materials related to an item on the Agenda submitted after distribution of the agenda packet are available for public viewing and inspection at the San Gabriel Valley Mosquito & Vector Control District Office located at 1145 North Azusa Canyon Road, West Covina, CA 91790 during regular business hours.

A handwritten signature in blue ink that reads "Cecilia Contreras".

Cecilia Contreras, Clerk of the Board
San Gabriel Valley MVCD

NOTICE TO THE PUBLIC

This agenda shall be made available upon request in alternative formats to persons with a disability as required by the American with Disabilities Act of 1990 (42 U.S.C. §12132) and the Ralph M. Brown Act (California Government Code §54954.2).

If you need special assistance or accommodations to participate in this meeting, please contact the Clerk of the Board at 626-814-9466 ext.1001. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35. 104 ADA Title II)



San Gabriel Valley Mosquito & Vector Control District Finance and Audit Committee Meeting Minutes January 18, 2023 (via teleconference)

COMMITTEE MEMBERS PRESENT

Joseph Leon (Monterey Park)
John Capoccia (Sierra Madre)
Lloyd Johnson (West Covina)

STAFF PRESENT

Jason Farned
Rose Alba
Cecilia Contreras

COMMITTEE MEMBERS ABSENT

Richard Barakat (Bradbury)
Corey Calaycay (Claremont)

GUEST PRESENT

Paul Kaymark, Nigro & Nigro

1. Call to Order

Secretary-Treasurer Johnson called the meeting to order at 8:00 a.m. Clerk of the Board Cecilia Contreras took Roll Call.

2. Approval of Minutes: January 18, 2023

Motion by Trustee Capoccia, seconded by Trustee Leon and carried by the following vote to approve the 1-18-23 minutes.

AYES: Leon, Capoccia, Johnson
NOES: None
ABSTAIN: Leon
ABSENT: Barakat, Calaycay

3. Opportunity for Public Comment on Non-Agenda Items

None

4. Consideration of Draft Annual Audit for Fiscal Year Concluding June 30, 2022

District Auditor, Paul Kaymark of Nigro & Nigro provided an overview of the item. A discussion ensued regarding district revenues, expenses, and future budget preparations. Motion by Trustee Leon, seconded by Trustee Johnson, and carried by the following vote to recommend the draft annual audit for fiscal year concluding June 30, 2022 to the Board.

AYES: Leon, Capoccia, Johnson
NOES: None
ABSTAIN: None
ABSENT: Barakat, Calaycay

5. Adjournment

The meeting was adjourned at 8:33 a.m.

ARTICLE XIII
INVESTMENTS
(Revised Dec 14, 2018)

SECTION 1. Purpose

The Board of Trustees of the San Gabriel Valley Mosquito and Vector Control District has a fiduciary responsibility to maximize the use of public funds entrusted to its care, manage those monies wisely and prudently, and protect those monies from financial catastrophes.

The objective of the District's investment program shall be to maintain a level of investment of all temporary idle funds as near 100% as possible, with due consideration given to safety, liquidity, yield, and cash flow requirements.

SECTION 2. Investment Authority and Guidelines

- A. District funds not required for foreseeable near term expenditures shall be designated for a long term use and shall be fully invested or deposited to maximize investment returns. Section 53601 of the Government Code provides authorization for investment of funds of local agencies.
- B. The District's Treasurer shall invest funds of the District under the prudent person rule (Civil Code §2261 et seq.) exercising judgment and care as it deems wise or expedient as allowable under current legislation of the State of California and other imposed legal restrictions.
- C. All District investments shall conform to the restrictions set forth in Section 53601 of the Government Code. The District's Treasurer shall utilize only those eligible investment instruments set forth below under Section 4, Allowable Investment Instruments.
- D. The Finance Committee shall serve as an oversight Committee to recommend investment instruments to the District Treasurer and review investment performance.
- E. No investment shall be made to mature for a period greater than two (2) years except for notes, bonds or other obligations of a state or federal governmental entity unless otherwise provided for in Government Code §53601. No more than fifty percent (50%) of the District's funds shall be

kept in one institution except the Los Angeles County Pooled Investment Fund and Local Agency Investment Fund. Certificates of Deposit at any financial institution shall not exceed \$250,000.

Any funds identified in the monthly report as necessary to meet expenditure requirements for the next six months shall be kept in the Los Angeles County Pooled Investment Fund and the Local Agency Investment Fund. If sufficient funds are not available in the Los Angeles County Pooled Investment Fund and the Local Agency Investment Fund to meet expenditure requirements for the next six months, then investments shall be sold pursuant to Section 5., below, for cash flow purposes and deposited in the Local Agency Investment Fund or the Los Angeles County Pooled Investment Fund.

- F. The District's Treasurer shall report monthly to the Board of Trustees the type of investments, issuers, date of purchase and maturity, dollar amount invested, yield, and current market value for all securities, investments, and moneys held by the District that are not held by a local agency or the State of California Local Agency Investment Fund and source of valuation. The monthly report shall state compliance of the portfolio with the adopted investment policy or the manner in which the portfolio is not in compliance, and shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. The District's Treasurer shall sign the monthly report as the preparer of the report.
- G. District investments in the Local Agency Investment Fund and Los Angeles County Pooled Investment Fund shall be reported monthly by providing the Board of Trustees with the most recent statement received by the District from these institutions. The fair market value of pool investments shall be calculated based on the total value of the pool and reported on the monthly reports.
- H. The Finance Committee, which shall be chaired by the District's Treasurer, shall meet quarterly to review all types of investments, issuers, date of purchase and maturity, dollar amount invested, yield, and current market value for all securities to ensure safety of District funds.

SECTION 3. Criteria for Selecting Investments and the Order of Priority

- A. **Safety**
The safety and risk associated with an investment refers to the potential

loss of principal, accrued interest, or a combination of these. The District's Treasurer shall employ investment instruments which are considered very safe.

B. Liquidity

Liquidity refers to the ability to convert investment holds to cash immediately with a minimal loss of principal or accrued interest. The District's Treasurer shall only invest those funds which are not required within a 12 month period from date of investment. For the purpose of this section, investments in the Los Angeles County Pooled Investment Fund and the Local Agency Investment Fund are considered liquid and funds invested are available upon demand with no or minimal loss of principal or accrued interest.

C. Yield

Yield is the dollar earnings the investment provides. The yield of the investment shall be considered after the fundamental requirements of safety and liquidity have been met.

D. Maturity

Projected cash flow requirements shall be the primary factor used in determining investment maturity terms. Yield consideration shall be the secondary factor used in determining maturity terms, with the expectation that longer maturity periods will generally yield greater returns on investments.

SECTION 4. Allowable Investment Instruments

The following are allowable investment instruments as provided for in Section 53601 of the Government Code and are the only investments specifically allowable as authorized investments for the District.

A. County Treasurer Accounts

All service charge and benefit assessment revenue shall be collected by the Los Angeles County Treasurer and shall be deposited into the Los Angeles County Treasury for use by the District. The Board of Trustees may rely on the County Treasurer to invest all surplus funds.

B. Local Agency Investment Fund

The Local Agency Investment Fund is managed by the Treasurer's Office, State of California. The total investment may not exceed the maximum allowed by the State.

C. Negotiable Certificates of Deposit

Negotiable Certificates of Deposit shall be made only with financial institutions which are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings & Loan Insurance Corporation and issued by a nationally or state-chartered bank or a state or federal savings and loan association. The amount of deposit in any one institution shall not exceed the insured amount or 30% of surplus funds, which ever is less.

D. United States Treasury Notes, Bonds, Bills or Certificate of Indebtedness

Investments may be made in United States Treasury notes, bonds, bills, or certificates of indebtedness having the full faith and credit of the federal government pledged for the payment of principle and interest.

E. Federally Sponsored Credit Agency Securities

Investments may be made in the debt securities of the following U.S. Government sponsored corporation agencies:

Banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks

Federal Home Loan Bank Board

Tennessee Valley Authority

Obligations, participation, or other instruments of or issued by or fully guaranteed as to the principal and interest by the Federal National Mortgage Association

Guaranteed portions of Small Business Administration notes

Other instruments issued by a federal agency or a United States government-sponsored enterprise.

F. California State and Municipal bonds

Investments may be made in instruments issued by the State of California and its municipalities with consideration given to dates of maturity, yield, and whether such bonds are insured.

G. Medium-Term Notes

Investments may be made in medium-term notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any State operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized service. Purchase of medium term notes may not exceed thirty percent (30%) of the

District's surplus money.

H. CalTRUST – Short to Medium Term Fund

Investments may be made in this voluntary, local government, joint investment pool with a multi-billion dollar asset portfolio. Oversight is provided by a Board of Trustees and investment funds are managed by a contracted CalTRUST Asset Management Institution. All CalTRUST funds are in compliance with the California investment guidelines for public agencies.

I. 115 Trust – GASB 45 Compliant IRS approved 115 OPEB Trust

Funds may be deposited in this Trust in accordance with Section 115 of the Internal Revenue Code (IRC), an irrevocable trust (115 Trust) through which eligible California public agency employers may prefund their future annual pension contributions. A 115 Trust may be administered by the California Public Employees Retirement System (CalPERS) or through a private market.

Only those instruments listed above are allowable. The purchase of “derivatives” such as inverse floaters, dual index floaters, or inverse securities which produce higher than market rates of interest at purchase date (when interest rates are low) but have the possibility of producing low or no coupon rates as market interest rates rise through the life of the investment are strictly prohibited.

SECTION 5. Sale of Investments

Although the District invests with the intent to hold investments to maturity, sale of investments may be required prior to maturity.

- A. Investments may be sold prior to maturity for cash flow purposes.
- B. Losses on a sale before maturity are acceptable if the earnings from the reinvested proceeds will exceed the income that would have been generated by the old investment considering any capital loss of foregone interest on the original investment.
- C. Sale of investments prior to maturity must be authorized by the Finance Committee.

SECTION 6. Safekeeping

All broker-dealers shall be pre-qualified by completing a broker-dealer questionnaire provided by the District. All broker-dealers doing business with the District shall be required to read and acknowledge in writing that they have read and understood the investment policy. Investment transactions with a broker-dealer shall be conducted on a delivery versus payment method with the District's third party custodian.

Securities shall be delivered and held in third party safe-keeping by the District's bank. Local agency funds, under the direction of a trustee, will be held in the name of the District with the trustee executing investment transactions as directed by the Finance Committee.

SECTION 7. Investment Policy Revision

This Investment Policy shall be reviewed and adopted annually by the Board of Trustees for relevance to ensure that all investments made are in compliance with state and local codes and laws and are consistent with current financial trends.