



San Gabriel Valley Mosquito & Vector Control District

1145 North Azusa Canyon Road, West Covina, CA 91790

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

Email: district@sgvmosquito.org

FINANCE AND AUDIT COMMITTEE MEETING AGENDA APRIL 4, 2024 – FOLLOWING ADJOURNMENT OF AD-HOC COMMITTEE

1. **Call to Order**

- 1.1 Determination of a Quorum – Noted Absences
- 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. **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 Committee 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 Committee for consideration. There will be no dialog between the Committee and the Commenter. Any clarifying questions from the Committee must go through the Committee Chair.

3. **Investment Strategy Report P.3**

(Secretary-Treasurer, Lloyd Johnson) (Recommendation for Board Consideration)

- **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 make a recommendation to the Board to transfer \$2 million from CA CLASS to US Bank to be invested in the manner proposed by, and under the guidance of Optimized Investment Partners
- **Alternative Committee Action:** If after discussion by members for this item, the Committee may choose to deny the recommendation to the Board to transfer \$2 million from CA CLASS to US Bank to be invested in the manner proposed by, and under guidance of Optimized Investment Partners

4. **Adjournment**



San Gabriel Valley Mosquito & Vector Control District Finance and Audit Committee Meeting | April 4, 2024

Finance and Audit Committee

Lloyd Johnson, West Covina (Chair)
Patricia Cortez, Covina
Anish Saraiya, Los Angeles County
Becky Shevlin, Monrovia
Allen Wu, Walnut

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 'Jerry Mireles'.

Jerry Mireles, 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.1006. 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 District Manager's Report

Date: April 4, 2024

Meeting of: SGVMVCD Board of Trustees: Finance and Audit Committee

Subject: **Investment Strategy Report**

Exhibit(s): None

Background

In December, 2023 the Board of Trustees directed staff to move forward with a proposal from Optimized Investment Partners (OIP) to provide investment advisory services. The goal being to safeguard principle reserves while maximizing investment returns on idle cash. The District entered into contract with OIP on February 1, 2024.

With guidance from OIP, the District has established custodian and broker/dealer accounts to facilitate the purchase of short- and medium-term securities.

Total Value Investments is a broker/dealer that specializes in public funds investments with over 300 public entity clients, including special districts of all sizes. The District has emailed staff from the Town of Corte Madera, one of these clients, and has received positive reviews and a strong recommendation. TVI does not charge fees for service. Their compensation is built into the purchase price of any securities the District would purchase. Any and all investments made through TVI would comply with the District's investment policy, confirmed by both our TVI investment manager and Optimized Investment Partners.

TVI operates on a Delivery Versus Payment (DVI) basis, consistent with Government Finance Officers Association (GFOA) best practices. GFOA explains, "Investments should be settled in a delivery-versus-payment (DVP) basis. In this procedure, the buyer's payment for securities is due at the time of delivery. Security delivery and payment occur simultaneously."

To facilitate this process, the District has opened an account with US Bank N.A., Trust to operate as the District's "Safekeeping Bank." US Bank will receive the approved broker's confirmation from the District and ensure that only the authorized bonds come into the account and only releases funds after the correct bonds are received. GFOA explains, "This practice ensures that no funds are at risk in an investment transaction as funds are not released until securities are delivered, ensuring the governmental entity has either money or securities at all times during the transaction."

US Bank fees amount to one basis point on the account with a minimum annual fee of \$1,500. For example, a \$2 million investment balance would cost the District \$2,000 annually.

Optimized Investment Partners has completed a cash flow model for the District and identified \$2 million available for investment. They recommend a laddering strategy, with investments maturing between one and four years. The target rate for investments will be between 4.3%-5%, with projected annual interest revenue of approximately \$90,300.



San Gabriel Valley Mosquito & Vector Control District District Manager's Report

Long Term Investment Strategy														
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26		Projected Annual Interest
Maturity	100,000	100,000	100,000	100,000	100,000								500,000	23,950
	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27		
Maturity	100,000	100,000	100,000	100,000	100,000								500,000	23,050
	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28		
Maturity	100,000	100,000	100,000	100,000	100,000								500,000	21,800
	Jul-28	Aug-28	Sep-28	Oct-28	Nov-28	Dec-28	Jan-29	Feb-29	Mar-29	Apr-29	May-29	Jun-29		
Maturity	100,000	100,000	100,000	100,000	100,000								500,000	21,500
													2,000,000	90,300

In order to proceed with this recommendation, the District will need to move \$2 million from the CA CLASS account to the US Bank custodial account. Once US Bank has secured the funds, TVI can shop for securities that meet OIP's recommended strategy and our investment policy.

Per the District's policy, investments will be approved by the District's Secretary/Treasurer and a quarterly investment report will be provided to the Board of Trustees.

District Manager's Recommendation

The District manager recommends a transfer of \$2 million from CA CLASS to US Bank to be invested in the manner proposed by, and under the guidance of Optimized Investment Partners.

Committee Action Options

- Committee Action: If the Committee concurs, following the public discussion by members of this item, the appropriate action is to make a recommendation to the Board to transfer \$2 million from CA CLASS to US Bank to be invested in the manner proposed by, and under the guidance of Optimized Investment Partners.
- Alternative Committee Action: If after discussion by members of this item, the Committee may choose to deny the recommendation to the Board to transfer \$2 million from CA CLASS to US Bank to be invested in the manner proposed by, and under the guidance of Optimized Investment Partners.

Submitted by:

Jason Farned
District Manager