

MT. SAC AUXILIARY SERVICES CORPORATION
FOURTH QUARTERLY MEETING OF THE BOARD OF DIRECTORS

Thursday, June 6, 2024

Building 4, Conference Room 2460 – 2:00 p.m.

**Please provide any public comment by noon Thursday, June 6, 2024, to
Markelle Stansell (markelle.stansell@mtsac.edu)**

Auxiliary Services Board of Directors 2023-2024

Morris Rodrigue, Chairperson
Melba Castro, Vice Chairperson
Rosa Royce, Secretary/Treasurer
Jean Metter, Faculty Rep.
Dani Silva, Associated Students Rep.

1. Call to Order
2. Public Comment
3. Consideration of Approval of Minutes for March 7, 2024
4. Election of Officers/Appointments Effective July 1, 2024

Current Officers are:

Chairperson – Morris Rodrigue
Vice Chairperson – Melba Castro
Secretary/Treasurer – Rosa Royce
Faculty Rep – Jean Metter
A.S. President (or appointed rep) – Dani Silva

5. Consideration of Approval of the Annual Disclosure of Conflict of Interest
6. Consideration of Approval of the Annual Investment Policy Statement
7. Consideration of Approval to Destroy Auxiliary Documents related to Fiscal Year 2018-19
8. Auxiliary Statement of Revenues and Expenses (Unaudited YTD as of March 31, 2024)
9. Reports:
 - Administrative Services
 - Sac Book Rac
 - Sodexo
10. Adjourn

Board-approved future meeting dates:

2024 Dates: September 5, 2024 | December 5, 2024

2025 Dates: March 6, 2025 | June 5, 2025 | September 4, 2025 | December 4, 2025

MT. SAC AUXILIARY SERVICES CORPORATION BOARD OF DIRECTORS MINUTES

Thursday, March 7, 2024

1 – Call to Order

The third quarterly meeting of the Mt. SAC Auxiliary Services Corporation Board of Directors was called to order at 2:05 p.m. on Thursday, March 7, 2024, by Morris Rodrigue, Chairperson.

Present: Morris Rodrigue (Vice President, Administrative Services; Chairperson), Melba Castro (Vice President, Student Services; Vice Chairperson), Rosa Royce (Chief Compliance/College Budget Officer; Secretary/Treasurer), and Jean Metter (Professor, Nutrition & Food; Faculty Rep.)

Absent: Daniell'e (Dani) Silva (Associated Students President)

Guests: Steven Anderson (Sodexo), John Acero (Follett), Erik Guss (Follett), Alicia Herrera (Eide Bailly), Markelle Stansell (Administrative Services)

2 – Public Comment

No public comment.

3 – Consideration of Amendment of Minutes for January 11, 2023

It was moved by Rosa Royce and seconded by Melba Castro, to amend the minutes of January 11, 2023, to correct a typographical error and update the effective term date for Vice Chairperson, Tom Mauch, and Associated Students Representative, Phyu “Pearl” Pale. July 1, 2022, to January 11, 2023.

Ayes: Rodrigue, Royce, Castro, Metter

Abstain:

Absent: Dani Silva (AS Rep)

4 – Consideration of Approval of Minutes for December 7, 2023

It was moved by Rosa Royce and seconded by Melba Castro to approve the minutes for December 7, 2023 as presented.

Ayes: Rodrigue, Royce, Castro, Metter

Abstain:

Absent: Dani Silva (AS Rep)

5 – Consideration to Accept the Audit Report from Eide Bailly, LLP, Certified Public Accountants, for the Fiscal Year Ending June 30, 2023, relating to the Books and Records of the Mt. SAC Auxiliary Services Corporation

Mt. SAC Auxiliary Services Corporation received a clean opinion without any audit findings/recommendations; its financial statements were free of material misstatement. The Eide Bailly audit report was presented and includes comparative numbers, graphs, etc.

It was moved by Melba Castro, and seconded by Rosa Royce to accept the Audit Report from Eide Bailly, LLP, Certified Public Accountants, for the Fiscal Year Ending June 30, 2023, relating to the Books and Records of the Mt. SAC Auxiliary Services Corporation.

Ayes: Rodrigue, Royce, Castro, Metter

Abstain:

Absent: Dani Silva (AS Rep)

6 – Auxiliary Statement of Revenues and Expenses 2nd Qtr. FY 23-24

It was moved by Melba Castro, and seconded by Rosa Royce to accept the Auxiliary Statement of Revenues and Expenses (unaudited) 2022-2023 4th Qtr.

Ayes: Rodrigue, Royce, Castro, Metter

Abstain:

Absent: Dani Silva (AS Rep)

7 – Reports

Administrative Services

No report.

Sac Book Rac (Follett)

Erik Guss reported \$91,899 in revenue in the latter half of the winter term, approaching the start of spring. Currently, they are at 93.7% adoptions for Spring 2024, with 3,655 courses entered and 1,340 titles adopted to those courses. Customer surveys have reflected an upward trend (i.e., more positive comments). Online regalia sales have already begun, with in-store sales beginning today, March 7, 2024. The Grad Fair will be held in the Bookstore on April 17, 2024. Any orders placed after May 8 will be considered a rush and may incur additional charges.

Follett is working closely with the Instructional Team and presenting at TIMC. The Follett Discover integration is still in process, but there will eventually be a link in Canvas that will take faculty to the adoption tool.

Sodexo

Steven Anderson reported that they did \$186,000 in campus-wide sales in February, with half of that from catering and half from retail revenues. They are still struggling to find profitability, even though 100% of their operations have reopened for Spring. They are slightly trailing in revenue, likely due to locations being closed during the winter term due to flooding, the MLK holiday, etc. Common Grounds is doing better thanks to

reduced labor costs and revised offerings, and the food truck is temporarily closed due to low revenues. It is only occasionally opened via “pop-ups” and concessions events but is expected to be fully operational by fall 2024 after undergoing menu revisions and aesthetic changes.

Overall, Sodexo has many new menus and offerings planned, and “road shows” to department and division meetings will allow Sodexo to speak to these menu revisions while also reintroducing their team and educating potential customers about the varying levels of service they offer. They also plan to ramp up their marketing efforts to the wider campus.

10 – Adjourn

The meeting adjourned at 2:37 p.m.

ANNUAL DISCLOSURE OF CONFLICT OF INTEREST

All members of the Board of Directors and senior staff of the Mt. SAC Auxiliary Services Corporation shall avoid any conflict of interest or appearance of conflict of interest between their own individual interests and those of the Mt. SAC Auxiliary Services Corporation.

Examples of activities which could pose a conflict of interest include, but are not limited to:

1. Any conduct that is disloyal, competitive or damaging to the Mt. SAC Auxiliary Services Corporation.
2. Having a direct or indirect (including ownership by family members) financial interest in a business entity that does business or seeks to do business with, or is in competition with the Mt. SAC Auxiliary Services Corporation.
3. Borrowing money from companies other than from recognized financial institutions or from individuals that the Mt. SAC Auxiliary Services Corporation already does or seeks to do business.
4. Using knowledge gained in the course of employment or directorship with the Mt. SAC Auxiliary Services Corporation for outside personal gain.
5. Serving as a member of the governing body of any organization whose interests may be in competition with or conflict with those of the Mt. SAC Auxiliary Services Corporation.

For Senior Staff:

6. Outside employment on a full-time or part-time basis, if (a) it requires extra hours and effort to such an extent that it would be detrimental to the interests of the Mt. SAC Auxiliary Services Corporation.

Disclosure

I understand that conflicts of interest or the appearance of conflicts of interests are to be avoided in the course of my employment or directorship with the Mt. SAC Auxiliary Services Corporation. In the event that I have a conflict of interest, whether in appearance or fact, I understand that I must report such conflict or appearance of conflict to the Administrative Director or Board of Directors Chairperson, as soon as practical. I further understand that such conflict or appearance of conflict may require either divestiture of such interest or that my services as an employee or director may be terminated.

Check one:

_____ I have no conflicts of interest, in appearance or in fact, with the interests of Mt. SAC Auxiliary Services Corporation.

_____ As disclosed on the attached sheet(s), I believe that I do have a conflict of interest, in either appearance or fact, with the interests of the Mt. SAC Auxiliary Services Corporation.

Printed name: _____

Signature: _____

Date: _____

MT. SAC AUXILIARY SERVICES CORPORATION

TO: Mt. SAC Auxiliary Services Board of Directors

FROM: Morris Rodrigue – Vice President, Administrative Services

DATE: June 6, 2024

SUBJECT: Annual Approval of Investment Policy Statement

BACKGROUND

This Investment Policy Statement complies with Government Code 16481.2, requiring community colleges to set parameters of investment of excess funds. This requirement was passed into law subsequent to the Orange County bankruptcy. The Mt. SAC Auxiliary Services auditing firm, Eide Bailly, LLP, Certified Public Accountants, has recommended that we have an Investment Policy Statement that addresses inconsistencies with the California Government Code. It is the intent of this Policy to set the parameters of the scope of investments allowed by law and then to restrict that scope by what is called an Investment Memorandum.

ANALYSIS AND FISCAL IMPACT

The current practice of the Auxiliary is to deposit all funds through Citizens Business Bank. The only other direct investment that the Auxiliary does is when it borrows through TRANS or COPS, and those investments are controlled by the Mt. SAC Auxiliary Services Board of Directors. The law does allow auxiliaries to invest funds where high liquidity is not required in other investments, as outlined in the code and policy statement that is attached. It is our intent to adopt a conservative approach and, when modification is needed, the Memorandum can be changed by the Board of Directors.

FUNDING SOURCE

Not applicable.

RECOMMENDATION

It is recommended that the Board of Directors approves the attached Investment Policy Statement.

INVESTMENTS

1. Objective

The primary objectives for Mt. SAC Auxiliary Services Investment activities shall be:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the Auxiliary shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio.

Liquidity: The Auxiliary's investment portfolio will remain sufficiently liquid to enable the Auxiliary to meet all its operating requirements.

Return on Investment: The Auxiliary's investment portfolio shall be designed with the objective of attaining a market average rate of return throughout budgetary and economic cycles commensurate with the Auxiliary's investment risk constraints and the cash flow characteristics of the portfolio.

2. Prudence

The Auxiliary shall conduct its investment program utilizing the "Prudent Investor" standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence, and diligence under circumstances then prevailing including, but not limited to, the general economic conditions and the anticipated needs of the Auxiliary 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 like aims.

3. Delegation of Authority

Authority to manage the Auxiliary's investment program derived from the Board of Directors. Management responsibility for the investment program is hereby delegated to the Chairperson of the Mt. SAC Auxiliary Services Board of Directors and Administrative Director, Auxiliary Services for a one-year period. Subject to review, the Board of Directors may renew the delegation of the authority pursuant to this section each year.

4. Ethics and Conflicts of Interest

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

5. **Acceptable Investments**

Sections 53600 et. Seq. of the California Government Code provide basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence.

- a. U.S. Treasury Instruments: United States Treasury notes, bonds bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged to payment of principal and interest. There is no limitation as to the percentage of the portfolio invested in this category.
- b. Federal Agency and Instrumentality Securities: 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 limitation as to the percentage of the portfolio invested in this category.
- c. State of California and local debt, bonds, notes, warrants, or other evidences of indebtedness of any 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.
- d. Medium-Term Note Obligations: Medium-term corporate notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five (5) years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes shall be rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO). No more than 30% of the portfolio can be invested in corporate obligations.
- e. Pass-through Securities: Any collateralized mortgage obligation, mortgage-backed or other pay-through bond shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating services and rated in a rating category of "AA" or its equivalent or better by a national recognized rating service. No more than 20% of the portfolio can be invested in this category.

- g. Banker' Acceptances: Purchases of bankers' acceptances may not exceed 180 day's maturity. No more than 40% of the portfolio can be invested in bankers' acceptances. No more than 10% of the portfolio can be placed in bankers' acceptances of any single commercial bank.
- h. Negotiable Certificates of Deposit: Negotiable certificated of deposit issued by a nationally or state-chartered bank or state or federal association or by a state-licensed branch of a foreign bank. The maximum maturity for investments in this category is one year. Purchases are limited to issuers whose short-term debt is rated A1/P1. A maximum of 30% of the Auxiliary's portfolio may be invested in this category.
- i. Repurchase Agreements: Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The Auxiliary may enter into repurchase agreements with primary government securities dealers rated "A" or better by two nationally recognized statistical rating services. Counterparties should also have (i) a short-term credit rating of at least A1/P1; (ii) minimum assets and capitalized size of \$25 billion in assets and \$350 million in capital; (iii) five (5) years of acceptable audited financial results; and (iv) a strong reputation among market participants.

The following collateral restrictions will be observed: Only U.S. treasury securities or Federal Agency securities, as described in Section 770.6 (a) and (b), herein, will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Auxiliary's custodian bank versus payment or be handled under a properly executed tri-party purchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed 102 percent of the total dollar value of the money invested 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 percent no later than the next business day. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.

The Auxiliary or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to the repurchase agreement. The Auxiliary shall have properly

executed a PSA agreement with each counterparty with which it enters into a repurchase agreement.

- j. Money Market Funds: 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 and following). The company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. (B) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
- k. LAIF: If the Auxiliary has funds invested in the Local Agency Investment Fund (LAIF), the Auxiliary shall maintain on file LAIF's current investment policy and its requirements for participation, including limitations on deposits and withdrawals. A maximum of \$40 million may be invested in the State Pool.
- l. LACPIF: If the Auxiliary has funds invested in the Los Angeles County Pooled Investment Fund (LACPIF), the Auxiliary shall maintain on file LACPIF's current investment policy and its requirements for participation.

6. Maturity Parameters

Maximum maturity of any single issue: 5 years

7. Safekeeping and Custody

All security transactions entered into by the Auxiliary shall be conducted on a delivery-versus-payment basis. Securities will be held by a third-party custodian designated by the Chairperson of the Mt. SAC Auxiliary Services Board of Directors and Administrative Director, Auxiliary Services and evidenced by safekeeping receipts with a written custodial agreement. The securities will be held directly in the name of the Auxiliary as beneficiary.

8. Diversification

The Auxiliary will diversify its investments by security type, institution, and maturities to prevent incurring unreasonable or avoidable risks regarding specific security types, individual financial institutions, or maturity segments.

9. Internal Controls

The Auxiliary will establish a system of internal controls to ensure compliance with the Investment Policy of the Auxiliary and the California Government Code.

10. Reporting

Although the Legislature suspended these mandates and local agencies are no longer required to submit quarterly investment reports or the investment policy on an annual basis, they encouraged local agencies to continue to submit these reports to their governing board.

11. Investments shall be limited to the parameters of this Investment Policy until it is amended by an affirmative vote of a majority of the members of the Mt. SAC Auxiliary Services Board of Directors. The Auxiliary Board of Directors shall issue an Investment Memorandum authorizing the administration to make investments on the Auxiliary's behalf. The Memorandum shall not exceed the above parameters; however, the Memorandum may be more restrictive. The Memorandum shall remain in force until modified by the Board of Directors.

Memorandum of Investment
(effective June 12, 2006)

The Chairperson of the Mt. SAC Auxiliary Services Board of Directors and Administrative Director, Auxiliary Services are authorized to invest as follows:

- A. County Treasury through Los Angeles County Schools Pool.
- B. Investments required through participation in Tax Revenue Anticipation Notes (TRANS) and Certificates of Participation (COPS)
- C. Citizens Business Bank of Pomona
- D. Local Agency Investment Fund (LAIF)

Date approved by Board of Directors:

June 12, 2006
June 11, 2007
June 30, 2008
June 8, 2009
July 19, 2010
June 21, 2011
June 18, 2012
June 18, 2013
June 19, 2014
October 21, 2015
April 21, 2016
June 28, 2017
June 7, 2018
June 6, 2019
June 4, 2020
June 3, 2021
June 2, 2022
September 7, 2023

MT. SAC AUXILIARY SERVICES CORPORATION

TO: Mt. SAC Auxiliary Services Board of Directors

FROM: Morris Rodrigue – Vice President, Administrative Services

DATE: June 6, 2024

SUBJECT: Auxiliary Documents to be Destroyed for Fiscal Year 2018-19

AUXILIARY DOCUMENTS TO BE DESTROYED

- Accounts Payable payment packages and related documents for fiscal year 2018-19
- Journal Entries for fiscal year 2018-19
- ATM tapes for fiscal year 2018-19
- Bank Reconciliations for fiscal year 2018-19
- Bank Card Receipts for fiscal year 2018-19
- Payroll Time Sheets for fiscal year 2018-19
- Debit/Credit Card Payment Records for fiscal year 2018-19
- Accounts Receivable invoices for fiscal year 2018-19
- Cash Receipts and related documents for fiscal year 2018-19
- Cancelled checks for fiscal year 2018-19
- Sales and Use Tax Reconciliations for fiscal year 2018-19
- Sales Tax Audits for fiscal year 2018-19
- Check Copies for fiscal year 2018-19

Mt. San Antonio College Auxiliary Services
Income Statement Report for the Third Quarter 2023-24
(As of 03/31/2024)

The “2023-24 Estimated” includes projected figures for the fiscal year. The Estimates do not include projections for the GASB Adjustments for Pension and OPEB and Bad Debt Expense, which are recorded at year-end. The report also includes year-to-date actuals as of March 31, 2024, compared to March 31, 2023. As of March 31, 2024, income increased by \$107,366 (\$15,756 in 2022-23 to \$123,122 in 2023-24). This increase is due to:

- The net increase in Commissions of \$16,216 is attributed to the increase in commission from Sodexo, First Class Vending and Pepsi Sponsorship, and decrease in commission from Follett.
- A decrease in salaries and employee benefits reimbursement from Barnes & Noble of \$180,000. The contract with Barnes & Noble ended effective June 30, 2023.
- An increase in rent from Sodexo of \$21,000 for a new agreement to rent the kitchen equipment to serve Riverside County.
- Investment Income increased by \$39,326 due to the reversal of the fair market value adjustment of the County pooled funds as of June 30, 2023, and an increase in interest rates.
- The salaries and employee benefits of Bookstore staff decreased by \$200,813. The decreased salaries and employee benefits is due to no longer having bookstore staff.
- The Hospitality expenses decreased by \$6,339.

Mt. San Antonio College Auxiliary Services
Statement of Revenues and Expenses (Unaudited)

(YTD March 31, 2024)

	2023-24 ESTIMATED	2023-24 ACTUALS as of 03/31/24	2022-23 ACTUALS as of 03/31/23
Revenues			
Commissions and Sponsorships:			
Follett (PY Barnes and Noble (July 2023-December 2023))	\$ 195,490	\$ 86,482	\$ 97,942
Follett (PY Barnes and Noble (January 2024-June 2024))	-	60,229	65,776
Sodexo	135,000	86,498	75,302
First Class Vending	90,476	60,554	52,446
Pepsi Sponsorship	79,192	76,491	68,282
NBC Universal	-	5,710	-
Salaries and Employer Benefits - Reimbursed by Barnes & Noble	-	-	180,000
Sodexo - Rent	60,000	45,000	24,000
Follett Textbook Scholarship	5,000	-	-
Other:			
Unfunded CalPERS Liability-Paid by the District	334,735	251,051	285,682
Miscellaneous Income (One-Time)	300	0	0
Fair Value Investment Income	-	97,047	83,453
Interest Income	42,612	51,871	26,139
Total Revenues	\$ 942,805	\$ 820,933	\$ 959,021
Expenses			
Operating Expenses:			
Salaries and Employer Benefits	\$ 93,397	\$ 93,397	\$ 294,210
Retirees Health Premiums	231,584	198,246	211,150
Retirees Health Premiums Reimbursement	(231,584)	(198,246)	(211,150)
Unfunded CalPERS Liability	337,793	253,345	301,970
Accounting Services (Includes Reimbursement of 1 FTE)	177,499	135,085	126,480
Hospitality	-	-	-
Hospitality-President Institutional	75,000	60,319	49,530
Hospitality-President	75,000	35,989	35,197
Hospitality-Human Resources	21,000	16,991	20,649
Hospitality-Instruction	20,000	6,775	24,602
Hospitality-Student Services	13,000	16,409	9,792
Hospitality-Administrative Services	21,000	17,954	22,658
Hospitality-School of Continuing Education	5,000	1,651	-
Facilities Lease (Paid to the College)	10,000	7,500	7,500
Office Supplies, Bank Charges	3,000	3,332	1,421
Scholarships and Donations:			
Scholarships-Fist Class Vending	10,000	-	-
Scholarships-Pepsi	21,500	21,500	21,500
Scholarships-Follett	5,000	-	-
Foundation Golf Tournament Fund-Pepsi	2,000	2,000	2,000
Miscellaneous			
Miscellaneous Expenses	3,000	701	727
Total Expenses	\$ 893,189	\$ 672,947	\$ 918,235
Income or Loss - Modified Accrual Basis	\$ 49,616	\$ 147,986	\$ 40,786
GASB Transactions:			
Depreciation	33,151	24,863	25,030
	33,151	24,863	25,030
Income or Loss Per Audit - Full Accrual Basis	\$ 16,465	\$ 123,122	\$ 15,756