

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

Thursday, June 4, 2020

2:00 p.m. Zoom Meeting

**AGENDA**

**Auxiliary Services Board of Directors Members:**

Morris Rodrigue, Chairperson

Audrey Yamagata-Noji

Rosa Royce

Jenny Leung

Amy Truong

Doug Jenson (Staff)

Suzanne Luetjen (Staff)

Eddie Correa (Guest)

Yadira Santiago (Notes)

1. Call to Order.
2. Public comment.
3. Consideration of Approval of Minutes for March 5, 2020 – Page 3.
4. Election of Officers/Appointments, Effective July 1, 2020.  
Current Officers are:  
Chairperson – Morris Rodrigue  
Vice Chairperson – Audrey Yamagata-Noji  
Secretary/Treasurer – Rosa Royce  
A.S. President – Amy Truong (Appointed Representative)  
Faculty – Jenny Leung
5. Consideration of Approval of Income Statement Report for the Second Quarter 2019-20 and Auxiliary Statement of Revenues and Expenses (Unaudited) YTD March 31, 2020 – Page 5.
6. Consideration of Approval of Personnel Transactions – Page 7.
7. Consideration of Approval of the Annual Investment Policy Statement – Page 8.
8. Consideration of Approval of the Annual Disclosure of Conflict Of Interest – Page 15.

9. Consideration of Approval to Destroy Auxiliary Documents related to fiscal year 2014-15 – Page 16.

10. Discussion – Update on the Bookstore Advisory Committee and the Sodexo Advisory Committee.
- Bookstore Advisory Committee – Audrey Yamagata-Noji will work with Suzanne Luetjen and Ann Del Muro of Barnes & Noble.
  - Sodexo Advisory Committee – Audrey Yamagata-Noji will work with Eddie Correa of Sodexo.

11. Reports:
- Administrative Services
  - SacBookRac
  - Sodexo

12. Adjourn

**Board approved future meeting dates:**

	September 3, 2020	December 3, 2020	
March 4, 2021	June 3, 2021	September 2, 2021	December 2, 2021

# **MT. SAC AUXILIARY SERVICES CORPORATION BOARD OF DIRECTORS MINUTES**

Thursday, March 12, 2020

The third quarterly meeting of the Mt. SAC Auxiliary Services Corporation Board of Directors was called to order at 3:07 p.m. on Thursday, March 12, 2020, by Morris Rodrigue for Michael D. Gregoryk, Chairperson. Those present were: Morris Rodrigue, Audrey Yamagata-Noji, and Rosa Royce. Guest: Kevin Owen, Eddie Correa, Rick Narji, Rick Alonzo, and Alicia Herrera. Staff: Doug Jenson, Suzanne Luetjen, and Yadira Santiago. Absent: Jenny Leung and Amy Truong.

2 – No public comment.

3 – Appointment of Chairperson – With the retirement of Michael D. Gregoryk, Rosa Royce nominates Morris Rodrigue, Vice President, Administrative Services, as Chairperson, seconded by Audrey Yamagata-Noji.

Ayes: Rodrigue for Gregoryk, Yamagata-Noji, Royce  
Absent: Leung, Truong

4 – Consideration of Approval of Minutes for December 5, 2019 – It was moved by Audrey Yamagata-Noji, seconded by Rosa Royce, to approve the minutes of December 5, 2019.

Ayes: Rodrigue, Yamagata-Noji, Royce  
Absent: Leung, Truong

5 – Consideration to Accept the Audit report from Eide Bailly, LLP, Certified Public Accountants, for the Fiscal Year Ending June 30, 2019, relating to the Books and Records of the Mt. SAC Auxiliary Services Corporation – It was moved by Rosa Royce, seconded by Morris Rodrigue, to accept the Audit report from Eide Bailly, LLP, Certified Public Accountants, for the Fiscal Year Ending June 30, 2019, relating to the Books and Records of the Mt. SAC Auxiliary Services Corporation.

Ayes: Rodrigue, Yamagata-Noji, Royce  
Absent: Leung, Truong

6 – Consideration of Approval of Statement of Revenues and Expenditures (Unaudited) – It was moved by Audrey Yamagata-Noji, seconded by Morris Rodrigue, to approve the Statement of Revenues and Expenditures (Unaudited).

Ayes: Rodrigue, Yamagata-Noji, Royce  
Absent: Leung, Truong

7 – Consideration of Approval of Pepsi Contract – It was moved by Morris Rodrigue, seconded by Audrey Yamagata-Noji, to approve the Pepsi Contract.

Ayes: Rodrigue, Yamagata-Noji, Royce  
Absent: Leung, Truong

8 – Discussion of Canteen Contract – Contract will expire 2021, and a Request For Proposal process will begin later this year to look at options for a healthier alternative with possibly refrigerated items, and expansion of locations of vending machines throughout campus.

9 – Consideration of Approval of NACAS Membership – It was moved by Rosa Royce, seconded by Morris Rodrigue, to approve the NACAS Membership, pending someone can attend the conference, possibly Doug Jensen.

Ayes: Rodrigue, Yamagata-Noji, Royce

Absent: Leung, Truong

10 – Reports:

- Administrative Services – no report
- SacBookRac – Suzanne Luetjen
- Sodexo – Eddie Correa

11 – Adjournment – The meeting adjourned at 3:55 p.m.

**Mt. San Antonio College Auxiliary Services  
Income Statement Report for the Second Quarter 2019-20  
(As of 03/31/2020)**

The Estimated amounts included under the fiscal year 2019-20 are projected numbers through June 30, 2020. The report includes year-to-date actuals as of March 31, 2020 compared to March 31, 2019.

As of March 31, 2020, net income decreased by \$80,289 (\$218,103 in 2018-19 to \$137,814 in 2019-20). This decrease is primarily attributed to:

- Decreases in Barnes and Noble and Pepsi Commissions for a total of \$125,500. The reduction on these commissions is due to a decrease in sales. The Barnes and Noble Commissions are showing a decrease because in the fiscal year 2018-19 the contract stipulated a guarantee commission for half of the year and the other half of the year was based on total sales. These total sales are coming lower than the guarantee commission.  
The campus closure beginning March 14, 2020 due to COVID-19 did not affect the sales commissions for the third quarter; however, sales commissions may be impacted in the fourth quarter.
- Increase in accounting services provided to the Auxiliary due to increase in salaries and benefits. CSEA 262 employees received a 3.26% COLA increase and also received increases in health benefits due to changes in tiers.
- Decrease in Hospitality expenses of \$16,864. This decrease is a point in time decrease and will change by the end of the fiscal year.
- Mainly an increase in Barnes and Noble scholarships of \$10,000. Per the contract with Barnes and Noble, the Auxiliary will receive \$5,000 in Scholarships every calendar year. The \$10,000 reflects scholarships for the 2019 and 2020 calendar years.
- Decrease in Donations of \$45,000. This decrease is a one-time donation to the Friends to Improve Mt. SAC 2018.

**Mt. San Antonio College Auxiliary Services**  
**Statement of Revenues and Expenses (Unaudited)**  
(YTD March 31, 2020)

	2019-20		2018-19
	Estimated	Actuals 03/31/20	Actuals 03/31/19
<b><u>Revenues</u></b>			
<b>Commissions and Sponsorships:</b>			
Barnes and Noble	\$ 464,906	\$ 395,384	\$ 510,991
Sodexo	171,371	124,490	126,562
Pepsi	60,071	53,617	63,511
Compass Group-Canteen Vending	75,789	44,250	42,000
ATM	1,290	800	1,584
Salaries and Employer Benefits - Reimbursed by Barnes & Noble	530,107	393,861	430,421
<b>Other:</b>			
Unfunded CalPERS Liability-Paid by the District	253,071	189,803	149,693
Miscellaneous Income (One-Time)	1,813	1,949.25	13,491.50
Food Truck			
Misc. Income (Textbooks Rentals, Medicare Part D, and Other)			
Interest Income	58,766	43,558	35,488
<b>Total Revenues</b>	<b>\$ 1,617,184</b>	<b>\$ 1,247,714</b>	<b>\$ 1,373,742</b>
<b><u>Expenses</u></b>			
<b>Operating Expenses:</b>			
Salaries and Employer Benefits - Reimbursed by Barnes & Noble	\$ 533,151	\$ 396,905	\$ 447,886
Retirees Health Premiums	266,837	196,619	185,601
Unfunded CalPERS Liability	278,534	208,901	175,187
Accounting Services (Includes Reimbursement of 1 FTE)	127,583	97,867	89,559
Hospitality			
Hospitality-President Institutional	75,000	44,178	-
Hospitality-President	75,000	39,090	87,003
Hospitality-Human Resources	13,000	12,705	21,843
Hospitality-Instruction	20,000	13,827	9,626
Hospitality-Student Services	13,000	2,833	6,790
Hospitality-Administrative Services	21,000	17,813	22,047
Facilities Lease (Paid to the College)	10,000	7,500	7,500
Office Supplies, ATM Fees, Bank Charges	6,878	8,099	5,064
<b>Scholarships and Donations:</b>			
Scholarships-Canteen Vending	20,000	9,000	6,000
Scholarships-Pepsi	21,500	21,500	21,500
Foundation Golf Tournament Fund-Pepsi	1,500	1,500	1,500
Barnes & Noble Textbook Scholarship	10,000	10,000	-
<b>Miscellaneous</b>			
Contribution to Friends to Improve Mt. Sac 2018	-	-	45,000
Miscellaneous Expenses	3,109	2,151	1,138
<b>Total Expenses</b>	<b>\$ 1,496,091</b>	<b>\$ 1,090,486</b>	<b>\$ 1,133,244</b>
<b>Income or Loss - Modified Accrual Basis</b>	<b>\$ 121,093</b>	<b>\$ 157,228</b>	<b>\$ 240,498</b>
<b>GASB Transactions:</b>			
<b>GASB Adjustments for Pension and OPEB</b>			
Depreciation	344,266	-	-
	28,576	19,414	22,395
	\$ 372,842	\$ 19,414	\$ 22,395
<b>Income or Loss Per Audit - Full Accrual Basis</b>	<b>\$ (251,749)</b>	<b>\$ 137,814</b>	<b>\$ 218,103</b>



TO: Mt. SAC Auxiliary Services Board of Directors

FROM: Morris Rodrigue – Vice President, Administrative Services

DATE: June 4, 2020

SUBJECT: Personnel Transactions

**APPROVAL OF SALARY INCREASE**  
**For Full-Time employees of Auxiliary Services.**

2019-20 Fiscal Year: the full time employees will receive a 3.26% COLA salary increase on the salary schedule, retroactive to July 1, 2019. Retroactive pay shall be paid in a separate check sent via U.S. mail no later than June 30, 2020.

**APPROVAL OF SALARY INCREASE**  
**For Bookstore Director.**

2019-20 Fiscal Year: The Bookstore Director will receive a 3.26% COLA increase on the salary schedule, retroactive to July 1, 2019. Retroactive pay shall be paid in a separate check sent via U.S. mail no later than June 30, 2020.

**THE TOTAL COST OF THE ABOVE INCREASES ARE \$ 14,993**

## **MT. SAC AUXILIARY SERVICES**

TO: Mt. SAC Auxiliary Board of Directors  
FROM: Morris Rodrigue – Vice President, Administrative Services  
DATE: June 4, 2020  
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 Baily, 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

## 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: \_\_\_\_\_



TO: Mt. SAC Auxiliary Services Board of Directors

FROM: Morris Rodrigue – Vice President, Administrative Services

DATE: June 4, 2020

SUBJECT: Auxiliary Documents to be Destroyed

**AUXILIARY DOCUMENTS TO BE DESTROYED**

Accounts Payable payment packages and related documents for fiscal year 2014-15.

Journal Entries for fiscal year 2014-15.

ATM tapes for fiscal year 2014-15.

Bank Reconciliations for fiscal year 2014-15.

Bank Card Receipts for fiscal year 2014-15.

Payroll Time Sheets for fiscal year 2014-15.

Debit/Credit Card Payment Records for fiscal year 2014-15.

Accounts Receivable invoices for fiscal year 2014-15.

Cash Receipts and related documents for fiscal year 2014-15.

Cancelled checks for fiscal year 2014-15.

Sales and Use Tax Reconciliations for fiscal year 2014-15.

Sales Tax Audits for fiscal year 2014-15.

Check Copies for fiscal year 2014-15.