



P. O. Box 95  
San Andreas, CA 95249  
(209) 754-4468 Phone  
(209) 754-2537 Fax

Finance Committee Meeting  
Mark Twain Medical Center Classroom 5  
768 Mountain Ranch Road  
San Andreas, CA 95249

**7:30 am**

Wednesday May 18, 2022

Participation: Zoom - Invite information is at the End of the Agenda  
Or in person

## Agenda

### Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. **Call to order with Flag Salute:**
2. **Roll Call:**
3. **Approval of Agenda:** Public Comment - **Action:**
4. **Public Comment On Matters Not Listed On The Agenda:**

The purpose of this section of the agenda is to allow comments and input from the public on matters within the jurisdiction of the Mark Twain Health Care District not listed on the agenda. (The public may also comment on any item listed on the Agenda prior to Committee action on such item.) **Limit of 3 minutes per speaker.** The Committee appreciates your comments however it will not discuss and cannot act on items not on the agenda.

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Agenda – May 18, 2022 MTHCD Finance Committee Meeting

5. **Consent Agenda:** Public Comment - **Action**

All Consent items are considered routine and may be approved by the Committee without any discussion by a single roll-call vote. Any Board Member or member of the public may remove any item from the Consent list. If an item is removed, it will be discussed separately following approval of the remainder of the Consent items.

**A. Resolution 2022 – 07 Informational Only:**

- Authorizing Remote Teleconference Meetings of the Board of Directors Finance Committee (AB 361) for the month of May 2022.

**B. Un-Approved Minutes:**

- Finance Committee Meeting Minutes for April 20, 2022:

6. **Chief Executive Officer’s Report** ..... Dr. Smart

- Budget 2022-2023 (Draft):
- Policy # 30 – Fixed Asset Capitalization:
- Policy # 32 – Debt Management:

7. **Real Estate Review:** .....Mr. Randolph

8. **Accountant’s Report:** .....Mr. Wood

- April 2022 Financials Will Be Presented to The Committee: Public Comment – **Action**

9. **Treasurer’s Report:** .....Ms. Hack

- CA Class Investment Option: Public Comment – **Action**

10. **Comments and Future Agenda Items:**

11. **Next Meeting:**

- Next Finance Committee Meeting will be June 15, 2022. The start time will be 9:00am

12. **Adjournment:** - Public Comment – **Action**

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Agenda – May 18, 2022 MTHCD Finance Committee Meeting

**Peggy Stout is inviting you to a scheduled Zoom meeting.**

**Topic: MTHCD Finance Committee Mtg. May 18, 2022**

**Time: May 18, 2022 07:30 AM Pacific Time (US and Canada)**

**Join Zoom Meeting**

**<https://us02web.zoom.us/j/85150351143?pwd=OVA3S3cxRHVDY3VPaTd1dGZ3OGV4dz09>**

**Meeting ID: 851 5035 1143**

**Passcode: 106866**

**One tap mobile**

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**+1 301 715 8592 US (Washington DC)**

**+1 312 626 6799 US (Chicago)**

**+1 929 205 6099 US (New York)**

**Meeting ID: 851 5035 1143**

**Passcode: 106866**

**Find your local number: <https://us02web.zoom.us/u/kbd95VXcCG>**

**Effective - Mar 17, 2020.**

California Gov. Gavin Newsom issued [Executive Order \(N-29-20\)](#), which, in part, supersedes Paragraph 11 of Executive Order (N-25-20) issued on Thursday. The new Executive Order excuses a legislative body, under the Ralph M. Brown Act, from providing a physical location for the public to observe and comment if certain conditions are met. A physical location does not need to be provided if the legislative body:

1. Holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically;"
2. Implements a procedure for receiving and "swiftly resolving" requests for reasonable modification or accommodations from individuals with disabilities, consistent with the Americans with Disabilities Act, and resolving any doubt in favor of accessibility.
3. Gives advance notice of the public meeting and posts agendas according to the timeframes and procedures already prescribed by the Brown Act (i.e. 72 hours for regular meetings and 24 hours for special meetings) and
4. Gives notice of the means by which members of the public may observe the meeting and offer public comment, in each instance where notice or agendas are posted.

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Agenda – May 18, 2022 MTHCD Finance Committee Meeting



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**Resolution No. 2022 - 07**  
**Authorizing Remote Teleconference Meetings**  
**for the Board of Directors & Finance Committee Meetings**  
**for the month of May 2022**

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**Whereas**, the Mark Twain Health Care District is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

**WHEREAS**, all meetings of the Mark Twain Health Care District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District’s Board conduct its business; and

**WHEREAS**, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

**WHEREAS**, it is further required that state or local officials have imposed or recommended measures to promote social distancing; and

**WHEREAS**, such conditions now exist in the District, specifically, the Governor proclaimed a State of Emergency on March 4, 2020 due to COVID-19; and

**WHEREAS**, on June 11, 2021, the State Public Health Officer ordered all individuals to follow the state guidance on face coverings and its website recommends physical distancing; and

**WHEREAS**, as a consequence of the state of emergency and the state and local public health guidance, the Board of Directors does hereby find that the Mark Twain Health Care District shall conduct its meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

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**WHEREAS**, members of the public will be able to participate remotely through the digital means listed on the meeting agenda.

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

**Section 1. Recitals.** The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2. Remote Teleconference Meetings.** The Chief Executive Officer is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

**Section 3. Effective Date of Resolution.** This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**Section 4: Certification.** The Clerk of the Board shall certify to the passage and adoption of this Resolution and cause it to be maintained in the records of the District.

**Adopted, Signed, and Approved** this 27th day of April 2022.

Linda Reed, President \_\_\_\_\_

STATE OF CALIFORNIA)

COUNTY OF)

CALAVERAS) ss

I, Debra Sellick, Secretary of the Mark Twain Health Care District Board of Directors Do Hereby Certify that the forgoing Resolution No. 2022 – 07 was duly adopted by the Board of Directors of said District on behalf of the Board of Directors & Finance Committee Meetings to be held in the month of May 2022 by the following vote:

Ayes:

Nays:

Absent:

Abstain:

Attest: Debra Sellick, Secretary: \_\_\_\_\_

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**Finance Committee Meeting  
Mark Twain Medical Center Classroom 5  
768 Mountain Ranch Road  
San Andreas, Ca 95249**

**9:00am  
Wednesday April 20, 2022**

**Participation: Zoom - Invite information is at the End of the  
Agenda Or Participate in person**

**Un- Approved Minutes**

Mark Twain Health Care District Mission Statement

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**1. Call to order with Flag Salute:**

The meeting was called to order by Ms. Hack, Treasurer at 9:05am

**2. Roll Call:**

Present for Roll Call – Ms. Hack & Mr. Randolph.

**3. Approval of Agenda: Public Comment - **Action:****

Public Comment: Hearing None

Motion: Mr. Randolph moved to push the Class Presentation to be presented after 9:30am.

Second: Ms. Hack

Vote: 2-0 in favor.

#### 4. Public Comment On Matters Not Listed On The Agenda:

Hearing None:

#### 5. **Consent Agenda:** Public Comment - **Action**

##### A. **Resolution 2022 – 06:**

- Authorizing Remote Teleconference Meetings of the Board of Directors Finance Committee (AB 361) for the month of April 2022.

##### B. **Un-Approved Minutes:**

- Finance Committee Meeting Minutes for March 16, 2022:

Public Comment: Hearing None

Motion: Mr. Randolph moved to approve the Consent Agenda

Second: Ms. Hack

Vote: 2-0 In Favor

#### 6. Chief Executive Officer's Report:

- **VSHWC Medical Cost Report (2021):**

Dr. Smart: The Cost Report was filed requesting \$379 per visit. Currently the Clinic receives approx. \$200 per visit.

- **Budget:**

Dr. Smart: All the different departments turned in their draft budgets on time. The department budgets will be compiled for the Committee to review at the May 18th meeting.

- **COVID Revenue:** Public Comment - **Action**

Mr. Wood: Recommended to recognize the COVID Relief funds of \$347k in the 4th quarter of the current fiscal year.

Public Comment: Hearing None

Motion: Mr. Randolph moved to approve.

Second: Ms. Hack

Vote: 2-0 In Favor

- JPA New Investment Firm - Information:

Mr. Wood introduced Tom Tight and Brent Turner who presented the California Cooperative Liquid Assets Securities System (CLASS) to the Committee for review (pkt. pgs. 11-61).

**7. Real Estate Review:**

Mr. Randolph: Nothing new to report

**8. Accountant's Report:**

- March 2022 Financials Will Be Presented to The Committee: Public Comment – Action

Mr. Wood: Explained how depreciation is realized.

Public Comment: Hearing None:

Motion: Mr. Randolph moved to approve the financial including the investment report

Second: Ms. Hack:

Vote: 2-0 In favor.

**9. Treasurer's Report:**

Ms. Hack: Nothing new to report:

**10. Comments and Future Agenda Items:**

**11. Next Meeting:**

- Next Finance Committee Meeting will be May 18, 2022. The start time will be 7:30am

**12. Adjournment: - Public Comment – Action**

Public Comment: Hearing None:

Motion: Mr. Randolph moved to adjourn.

Second: Ms. Hack:

Vote: 2-0 In favor.

Time: 10:59am



**Peggy Stout is inviting you to a scheduled Zoom meeting.**

**Topic: MTHCD Finance Committee Mtg April 20, 2022**

**Time: Apr 20, 2022 09:00 AM Pacific Time (US and Canada)**

**Join Zoom Meeting**

**<https://us02web.zoom.us/j/83985967040?pwd=MkdTVjRKSGFtMWF3dU5uMEZOWGRDQT09>**

**Meeting ID: 839 8596 7040**

**Passcode: 010949**

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**Find your local number: <https://us02web.zoom.us/j/kc3tomeNaX>**

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**Fixed Asset Capitalization:**

**1. Policy:**

The scope of this policy defines the parameters of items that can be included as capital purchases and recorded as assets.

**2. Purpose:**

This policy defines Mark Twain Health Care District requirements for the capitalization of assets.

**3. Definitions:**

Capitalization is defined as the process of recording the purchase of a fixed asset or the collection of costs related to an internally produced project as an asset. Examples of capital expenditures include the purchase of land, buildings, machinery, office equipment, leasehold improvements and vehicles. An example of an internally produced project is internally developed software or a construction project.

**4. Principally Affected Departments:**

Primarily, Finance Committee and Accounting Departments.

**5. Procedures:**

**A.** Effective \_\_\_\_\_ (date) all assets with a useful life of greater than two years and falling into one of the following categories shall be capitalized.

- An individual item with a cost greater than \$2,500 (including personal computers).
- Items purchased in bulk with an individual cost exceeding \$2,500,

**B.** When replacement parts are purchased, or repairs and maintenance are made to an asset for a cost of \$2,500 or more, a decision must be made about capitalizing or expensing the cost.

- If the cost was incurred to restore or maintain the original useful life of the asset, then the cost should be expensed.
- If the cost was incurred to extend the asset's useful life, increase capacity, or improve the efficiency or safety of the property, then the cost would be added to the carrying amount of the related asset and the existing useful life should be extended in accordance with the cost incurred.

**C.** If the asset has component parts that must be replaced at regular intervals, those parts may be recorded as separate assets because their useful lives are different than the useful life of the asset as a whole. When those parts are replaced, the original component may be written off (and a loss on disposition is recorded, if needed) and a new asset may be recorded for the cost of the replacement part.

**D.** The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges, sales taxes and installation, if applicable.

**E.** Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or major renovation of an existing office. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.

**F.** The cost of buildings should include all expenditures related directly to their acquisition or construction. These costs include materials, labor and overhead incurred during construction and fees, such as attorneys, architects and building permits.

**G.** The cost of building should also include the amount of retention payable to construction contractors, if applicable. In most construction labor and material contracts, the contractor will request payment each month for labor and materials supplied during that month. However, the contractor will receive payment for only 90 percent or 95 percent of those labor and materials supplied. The remaining 5 percent or 10 percent will not be paid monthly but will be “retained” until the entire project is completed. Retention is usually set up in the construction contract to ensure prompt and thorough completion of the project. Retention will motivate tradesmen working for the contractors to return to the project to complete small unprofitable punch-list items in order to complete the project successfully. Retention provides the owner and general contractor with money to correct defective work if a sub-contractor abandons the project, and provides funds to pay the mechanics lien claims of unpaid suppliers, etc. Retention and retainage are terms both used for the same concept.

**H.** Start-up costs are to be expensed as incurred (excluding those costs associated with getting fixed assets into a condition whereby they can be placed into service).

**I.** During construction or development of a capital project. There may be certain costs incurred that should not be capitalized to an asset. Examples of the costs that should not be capitalized as apart of the cost of the asset are as follows;

- General and administrative costs and overhead costs should be charged to expense as incurred. Such costs include rent, depreciation, and other occupancy costs associated with the physical space occupied by employees, and all costs (including payroll and payroll benefit-related costs) of support functions, which may include executive management, corporate accounting, acquisitions, purchasing, corporate legal, office management and administration, marketing, human resources and information systems.
- Costs related to training (learning) in any manner or at any time (e.g., IT system or application) should be charged to expense. Time spent training (learning), even if the tools are “on-the-job”, cannot be considered a future economic benefit (i.e., a

capitalized asset) since the Mark Twain Health Care District has no control over the length of time an employee will stay with the District.

**J.** The cost of the asset should not be reduced by any amount for salvage value. Typically, salvage values will be nominal or offset by the cost of removing the assets (since the salvage value will not be realized without incurring costs of removal) and, thus, can be ignored.

## Debt Management Policy:

This Debt Management Policy (the “Debt Policy”) of the MARK TWAIN HEALTH CARE DISTRICT (the “District”) was approved by the Board of Directors of the District (the “Board”) on November, 2018. The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

This Debt Policy will also apply to any debt issued by any other public agency for which the Board of the District acts as its legislative body.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with Section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Debt, properly issued and managed, is a critical element in any financial management program. It assists in the District’s effort to allocate limited resources to provide the highest quality of service to the public. The District understands that poor debt management can have ripple effects that hurt other areas of the District. On the other hand, a properly managed debt program promotes economic growth and enhances the vitality of the District for its residents and businesses.

### 1. Findings

This Debt Policy shall govern all debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels and operating expenses.
- Protect the District’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District’s debt is consistent with the District’s planning goals and objectives, capital improvement programs and budgets, as applicable.
- Encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited resources.

## 2. Policies

### A. Purposes for Which Debt May Be Issued

The District will consider the use of debt financing primarily for Capital Improvement Projects (“CIP”) when the project’s useful life will equal or exceed the term of the financing and when resources are identified sufficient to fund the debt service requirements. An exception to this CIP driven focus is the issuance of short-term instruments such as tax and revenue anticipation notes or lines of credit, which are to be used for prudent cash management purposes and conduit financing, as described below. Bonded debt should not be issued for projects with minimal public benefit or support, or to finance normal operating expenses.

If a department has any project which is expected to use debt financing, the department director is responsible for expeditiously providing the Executive Director and the Chief Financial Officer/Controller with reasonable cost estimates, including specific revenue accounts that will provide payment for the debt service. This will allow an analysis of the project’s potential impact on the District’s debt capacity and limitations. The department director shall also provide an estimate of any incremental operating and/or additional maintenance costs associated with the project and identify sources of revenue, if any, to pay for such incremental costs.

- (a) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District.
- (b) Long-term debt financings are appropriate when the following conditions exist:
  - When the project to be financed is necessary to provide basic services.
  - When the project to be financed will provide benefit to constituents over multiple years.
  - When total debt does not constitute an unreasonable burden to the District and its taxpayers and patients.
  - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
- (c) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
- (d) The District may use long-term debt financings subject to the following conditions:
  - The project to be financed has been or will be approved by the Board.
  - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the District to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
  - The District estimates that sufficient income or revenues will be available to service the debt through its maturity.

- The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
- The District considers the improvement/facility to be a vital, time-sensitive need to the community and there are no plausible alternative financing sources available.

(e) Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve District objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile.

Short-term debt. Short-term borrowings may be issued to generate funding for cash flow needs in the form of tax and revenue anticipation notes.

Short-term borrowings, such as tax and revenue anticipation notes, commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of a long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of that debt. The final maturity of the debt issued to finance any project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, should not exceed seven years.

Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment, and such equipment leases may be longer than seven years.

Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein. In no event should the District incur any liability or assume any responsibility for payment of debt service on such debt of another entity.

## **B. Types of Debt**

In order to maximize the financing options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- General Obligation Bonds (“GOB”): General Obligation Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. All GOB debt shall be authorized by the requisite number of voters in order to receive approval to proceed.
- Revenue Bonds: Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. Generally, no voter approval is required to issue this type of obligation.

- **Lease-Backed Debt/Certificates of Participation/Lease Revenue Bonds**: Issuance of Lease-backed debt is a commonly used form of debt that allows a public entity to finance projects where the debt service is secured via a lease agreement and where the payments are budgeted in the annual operating budget of the District. Lease-Backed debt does not constitute indebtedness under the state or the District's constitutional debt limit and does not require voter approval.

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

To maintain a predictable debt service burden, the District will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is variable rate debt. The District may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of securities. When making the determination to issue debt in a variable rate mode, consideration will be given in regards to the useful life of the project or facility being financed or the term of the project requiring the funding, market conditions, credit risk and third party risk analysis, and the overall debt portfolio structure when issuing variable rate debt for any purpose. The maximum amount of variable-rate debt should be limited to no more than 20% of the District's total debt portfolio.

The District will not employ derivatives, such as interest rate swaps, in its debt program. A derivative product is a financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate. Derivatives are commonly used as hedging devices in managing interest rate risk and thereby reducing borrowing costs. However, these products bear certain risks not associated with standard debt instruments.

### **C. Relationship of Debt to Capital Improvement Program and Budget**

The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and its capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

### **D. Policy Goals Related to Planning Goals and Objectives**

The District is committed to financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.



The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

Except as described in Section 2.A., when refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations minimum net present value debt service savings equal to or greater than 5% of the refunded principal amount.

#### **E. Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings under SEC Rule 15c2-12.
- Any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues.
- The District's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the District Executive Director, Chief Financial Officer, Controller or other authorized officer of the District.

#### **F. Waivers of Debt Policy**

There may be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or in the best interests of the District and the failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the District in accordance with applicable laws.



**MARK TWAIN  
HEALTH CARE DISTRICT**

P. O. Box 95  
San Andreas, CA 95249  
(209) 754-4468 Phone  
(209) 754-2537 Fax

**Agenda Item:** Financial Reports (as of April, 2022)  
**Item Type:** Action  
**Submitted By:** Rick Wood, Accountant  
**Presented By:** Rick Wood, Accountant

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**BACKGROUND:**

The April, 2022 Profit & Loss statement is attached for your review and approval.

- The April 2022 financial report does not include the Balance Sheet or the Investment & Reserves reports. Some work still needs to be done to reconcile the bank accounts, which should happen during my next couple of visits to the District.
- We are also still missing the April minority interest report from the hospital. Since this has been reduced to 1%, it seldom makes much of an impact on the financial reports, but we will try to have this for you before the full Board meeting.
- April is the first of three months where we will be recording the COVID relief money that has been sitting on the Balance Sheet. It's currently recorded on the Admin page, but should probably be moved to the VSHWC page.
- Some good news, our 2<sup>nd</sup> property tax installment has arrived and is just over \$500,000. We will reconcile what we have received and compare it to the current budget and let you know how close we came (that should be able to happen May 18<sup>th</sup>).
- Preliminary budget numbers are being gathered, and a draft should be ready within a week or two.

**Mark Twain Health Care District  
Annual Budget Recap**

	<b>04/30/22 Actual Y-T-D</b>	<b>2021 - 2022 Annual Budget</b>				
		<b>Total District</b>	<b>Clinic</b>	<b>Rental</b>	<b>Projects</b>	<b>Admin</b>
Revenues	4,972,519	5,865,872	3,191,007	1,374,865	0	1,300,000
Total Revenue	4,972,519	5,865,872	3,191,007	1,374,865	0	1,300,000
Expenses	(6,208,772)	(6,499,106)	(4,318,135)	(1,165,257)	(667,000)	(348,715)
Total Expenses	(6,208,772)	(6,499,106)	(4,318,135)	(1,165,257)	(667,000)	(348,715)
Surplus(Deficit)	(1,236,253)	(633,235)	(1,127,128)	209,608	(667,000)	951,285
<b>Historical Totals</b>						
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
	(154,650)	(194,594)	(499,150)	(322,408)	(375,636)	(269,953)
						<b>DRAFT</b>
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
	(323,567)	(305,579)	(549,710)	(550,970)	(527,872)	(576,658)
	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
	(487,374)	(507,779)	(430,419)	(540,634)	(547,627)	(691,685)
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
	(636,595)	(667,632)	(1,258,828)	(1,236,253)		
	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22

Mark Twain Health Care District													
Direct Clinic Financial Projections													
						VSHWC						4/30/2022	
								2021 - 2022					
		2019/2020	2020/2021	2020/2021	2021/2022	Month	Actual	Actual	Actual	Actual	Actual	Actual	Actual
		Actual	Actual	Budget	Budget	to-Date	Month	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Y-T-D	vs Budget
4083.49	Urgent care Gross Revenues	1,170,321	2,789,431	4,674,075	5,013,050	4,177,541	292,022	2,762,550	55.11%				
4083.60	Contractual Adjustments	(953,773)	(1,383,628)	(1,087,124)	(1,848,793)	(1,540,661)	(144,377)	(1,293,722)					
	Net Patient revenue	216,548	1,405,804	3,586,951	3,164,257	2,636,881	147,645	1,468,828	46.42%				
						0							
4083.90	Flu shot, Lab income, physicals			1,000	1,000	833			0.00%				
4083.91	Medical Records copy fees			750	750	625			0.00%				
4083.92	Other - Plan Incentives			30,000	25,000	20,833			0.00%				
			0	31,750	26,750	22,292	0	0	0.00%				
	<b>Total Other Revenue</b>	<b>216,548</b>	<b>1,405,804</b>	<b>3,618,701</b>	<b>3,191,007</b>	<b>2,659,172</b>	<b>147,645</b>	<b>1,468,828</b>	<b>46.03%</b>				
7083.09	Other salaries and wages	(648,607)	(954,884)	(1,008,540)	(1,503,975)	(1,253,313)	(115,740)	(1,093,666)	72.72%				
7083.10	Payroll taxes	(53,339)	(83,696)	(78,666)	(108,979)	(90,816)	(9,464)	(88,462)	81.17%				
7083.12	Vacation, Holiday and Sick Leave			(9,077)	(90,239)	(75,199)			0.00%				
7083.13	Group Health & Welfare Insurance	(31,164)	(132,724)	(49,982)	(169,346)	(141,122)	(16,506)	(138,408)	81.73%				
7083.14	Group Life Insurance			(1,614)		0							
7083.15	Pension and Retirement		(1,403)	(25,214)	(1,987)	(1,656)			0.00%				
7083.16	Workers Compensation insurance	(13,597)	(16,697)	(10,085)	(15,040)	(12,533)			0.00%				
7083.18	Other payroll related benefits			(1,513)	(376)	(313)			0.00%				
	Total taxes and benefits	(98,100)	(234,521)	(176,151)	(385,967)	(321,639)	(25,970)	(226,870)	58.78%				
	<b>Labor related costs</b>	<b>(746,706)</b>	<b>(1,189,405)</b>	<b>(1,184,691)</b>	<b>(1,889,942)</b>	<b>(1,574,952)</b>	<b>(141,710)</b>	<b>(1,320,536)</b>	<b>69.87%</b>				
7083.05	Marketing	(7,096)	(2,469)		(1,500)		(2,592)	(33,452)					
7083.20	Medical - Physicians	(607,191)	(844,648)	(905,244)	(970,115)	(808,429)	(42,943)	(621,388)	64.05%				
7083.22	Consulting and Management fees	(261,571)	(97,365)	(75,000)	(35,000)	(29,167)	(967)	(18,516)	52.90%				
7083.23	Legal - Clinic	(27,900)	(19,720)	0	(15,000)		(154)	(4,999)	0.00%				
7083.25	Registry Nursing personnel			(3,000)	0	0							
7083.26	Other contracted services	(65,565)	(209,741)	(126,907)	(100,000)	(83,333)	(61,192)	(262,764)	262.76%				
7083.29	Other Professional fees	(11,199)	(11,554)	(80,932)	(10,000)	(8,333)	(3,216)	(16,231)	162.31%				
7083.36	Oxygen and Other Medical Gases	(533)	(578)	(3,703)	(1,200)	(1,000)	(70)	(316)	26.30%				
7083.38	Pharmaceuticals			(139,504)	(40,000)	(33,333)			0.00%				
7083.41.01	Other Medical Care Materials and Supplies	(141,544)	(263,109)	(25,714)	(95,000)	(79,167)	(7,686)	(213,284)	224.51%				
7083.41.02	Dental Care Materials and Supplies - Clinic		(37,429)				(5,855)	(66,158)					
7083.41.03	Behavior Health Materials		(1,515)					(2,015)					
7083.44	Linens			(1,200)	0	0							
7083.48	Instruments and Minor Medical Equipment			(24,248)	(20,000)	(16,667)			0.00%				
7083.74	Depreciation - Equipment			(150,476)	0	0							
7083.45	Cleaning supplies			(47,578)	0	0							
7083.62	Repairs and Maintenance Grounds	(1,122)		(8,104)	(5,000)	(4,167)	(489)	(489)	9.77%				
7083.72	Depreciation - Bldgs & Improvements			(311,017)	(560,000)	(466,667)	(63,379)	(642,941)	114.81%				
7083.80	Utilities - Electrical, Gas, Water, other	(53,232)	(37,583)	(95,083)	(80,000)	(66,667)	(4,163)	(61,061)	76.33%				
8870.00	Interest on Debt Service	(158,161)	(247,955)	(257,355)	(190,000)	(158,333)			0.00%				
7083.43	Food	(935)	(1,070)	(2,000)	(2,000)	(1,667)	(77)	(2,352)	117.59%				
7083.46	Office and Administrative supplies	(30,108)	(57,037)	(15,428)	(15,000)	(12,500)	(3,117)	(37,854)	252.36%				
7083.69	Other purchased services	(50,362)	(22,248)	(232,076)	(229,727)	(191,440)	(1,006)	(9,287)	4.04%				
7083.81	Insurance - Malpractice	(8,814)		(16,854)	(25,000)	(20,833)			0.00%				
7083.82	Other Insurance - Clinic	(23,332)	(46,530)	(31,102)	(1,050)	(875)	(3,776)	(55,819)	0.00%				
7083.83	Licenses & Taxes			(1,500)	(1,500)	(1,250)							
7083.85	Telephone and Communications	(5,253)	(66,112)	(20,903)	(5,100)	(4,250)	(2,103)	(24,194)	474.38%				
7083.86	Dues, Subscriptions & Fees	(19,274)	(7,669)	(1,500)	(5,000)	(4,167)	(1,118)	(8,833)	176.67%				
7083.87	Outside Training	(199)	(31,537)	(15,000)	(10,000)	(8,333)			0.00%				
7083.88	Travel costs	(3,704)	(1,498)	(4,000)	(2,500)	(2,083)	(760)	(4,194)	167.76%				
7083.89	Recruiting	(25,209)	(4,475)	(40,000)	(10,000)	(8,333)	(12,798)	(57,211)	572.11%				
8895.00	RoboDoc		0	(60,000)	0	0							
	Non labor expenses	(1,502,306)	(2,011,843)	(2,695,428)	(2,429,692)	(2,024,744)	(217,460)	(2,143,357)	88.22%				
	Total Expenses	(2,249,012)	(3,201,247)	(3,880,119)	(4,319,635)	(3,599,696)	(359,170)	(3,463,893)	80.19%				
	<b>Net Expenses over Revenues</b>	<b>(2,032,464)</b>	<b>(1,795,444)</b>	<b>(261,418)</b>	<b>(1,128,628)</b>	<b>(940,523)</b>	<b>(211,525)</b>	<b>(1,995,065)</b>	<b>176.77%</b>				

Mark Twain Health Care District													
Rental Financial Projections						Rental							
												4/30/2022	
		2019/2020	2020/2021	2020/2021	2021/2022	Month	Actual	Actual	Actual				
		Actual	Actual	Budget	Budget	to-Date	Month	Y-T-D	vs BudHet				
9260.01	Rent Hospital Asset amortized	1,095,293	1,090,174	1,092,672	1,092,672	910,560	90,205	903,772	82.71%				
				0	0								
	<b>Rent Revenues</b>	<b>1,095,293</b>	<b>1,090,174</b>	<b>1,092,672</b>	<b>1,092,672</b>	<b>910,560</b>	<b>90,205</b>	<b>903,772</b>	<b>82.71%</b>				
9520.62	Repairs and Maintenance Grounds	(6,079)		0	0								
9520.80	Utilities - Electrical, Gas, Water, other	(651,164)	(658,014)	(758,483)	(758,483)	(632,069)	(51,545)	(572,977)	75.54%				
9520.85	Telephone & Communications		(45,185)				(4,944)	(37,268)					
9520.72	Depreciation	(673,891)	(770,925)	(148,679)	(148,679)	(123,899)	(9,112)	(83,691)	56.29%				
9520.82	Insurance												
	<b>Total Costs</b>	<b>(1,331,134)</b>	<b>(1,474,124)</b>	<b>(907,162)</b>	<b>(907,162)</b>	<b>(755,968)</b>	<b>(65,602)</b>	<b>(693,937)</b>	<b>76.50%</b>				
	<b>Net</b>	<b>(235,841)</b>	<b>(383,950)</b>	<b>185,510</b>	<b>185,510</b>	<b>154,592</b>	<b>24,603</b>	<b>209,835</b>	<b>159.21%</b>				
9260.02	MOB Rents Revenue	220,296	208,946	251,016	251,593	209,661	17,544	177,636	70.60%				
9521.75	MOB rent expenses	(240,514)	(263,451)	(261,016)	(247,095)	(205,913)	850	(186,169)	75.34%				
	<b>Net</b>	<b>(20,218)</b>	<b>(54,504)</b>	<b>(10,000)</b>	<b>4,498</b>	<b>3,748</b>	<b>18,394</b>	<b>(8,533)</b>	<b>-189.71%</b>				
9260.03	Child Advocacy Rent revenue	9,000	9,000	9,000	9,000	7,500	773	7,523	83.58%				
9522.75	Child Advocacy Expenses	(297)	(5,436)	(11,000)	(11,000)	(9,167)	(195)	(195)	1.77%				
	<b>Net</b>	<b>8,703</b>	<b>3,564</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(1,667)</b>	<b>578</b>	<b>7,328</b>	<b>-366.38%</b>				
9260.04	Sunrise Pharmacy Revenue		14,400		21,600		1,836	18,144					
7084.41	Sunrise Pharmacy Expenses	(2,174)	(3,785)	(2,250)		0							
		1,324,589	1,322,520	1,352,688	1,374,865	1,145,721	110,357	1,107,074	80.52%				
		(1,574,119)	(1,746,796)	(1,181,428)	(1,165,257)	(971,048)	(64,947)	(880,300)	75.55%				
	<b>Summary Net</b>	<b>(249,530)</b>	<b>(424,276)</b>	<b>171,260</b>	<b>209,608</b>	<b>174,673</b>	<b>45,411</b>	<b>226,774</b>	<b>108.19%</b>				

Mark Twain Health Care District										
Projects, Grants and Support										
		4/30/2022								
		2019/2020	2020/2021	2020/2021	2021/2022	Month	Actual	Actual	Actual	
		Actual	Actual	Budget	Budget	to-Date	Month	Y-T-D	vs Budget	
Project grants and support			(20,325)	(31,000)	(667,000)	(555,833)	(1,071)	(359,516)	53.90%	
8890.00	Community (COVID) Masks		(3,754)							
8890.00	Friends of the Calaveras County Fair						(1,000)	(1,000)		
8890.00	Foundation	(465,163)			(628,000)			(328,000)		
8890.00	Veterans Support		0	(5,000)	0	0		0		
8890.00	Mens Health		0	(5,000)	0	0		0		
8890.00	Steps to Kick Cancer - October		0	(5,000)	0	0		0		
8890.00	Ken McInturf Laptops		(2,571)					(2,436)		
8890.00	Doris Barger Golf		0	(2,000)	0	0		0		
8890.00	Stay Vertical		(14,000)	(14,000)	(14,000)	(11,667)	(71)	(80)	0.57%	
8890.00	Golden Health Grant Awards									
8890.00	Calaveras Senior Center Meals							(3,000)		
8890.00	High school ROP (CTE) program				(25,000)			(25,000)		
<b>Project grants and support</b>		<b>(465,163)</b>	<b>(20,325)</b>	<b>(31,000)</b>	<b>(667,000)</b>	<b>(11,667)</b>	<b>(1,071)</b>	<b>(359,516)</b>	<b>53.90%</b>	

Mark Twain Health Care District								
General Administration Financial Projections				Admin				4/30/2022
		2019/2020	2020/2021	2021/2022	Month	Actual	Actual	Actual
		Actual	Actual	Budget	to-Date	Month	Y-T-D	vs Budget
9060.00	Income, Gains and losses from investments	390,802	39,321	100,000	83,333	2,709	10,694	10.69%
9160.00	Property Tax Revenues	1,126,504	1,233,836	1,200,000	1,000,000	100,000	1,000,000	83.33%
9010.00	Gain on Sale of Asset							
9400.00	Miscellaneous Income		19,978.41			115,896	122,212	
5801.00	Rebates, Sponsorships, Refunds on Expenses		236,723.76			890	150,548	
9205.03	Miscellaneous Income (1% Minority Interest)	(43,680)	(23,789)		0	(13,970)	(30,011)	
	<b>Summary Revenues</b>	<b>1,473,626</b>	<b>1,506,070</b>	<b>1,300,000</b>	<b>1,083,333</b>	<b>205,524</b>	<b>1,253,443</b>	<b>96.42%</b>
8610.09	Other salaries and wages	(133,415)	(273,071)	(137,592)	(114,660)	(19,093)	(201,476)	146.43%
8610.10	Payroll taxes	(14,875)	(10,079)	(10,526)	(8,771)	(914)	(9,249)	87.87%
8610.12	Vacation, Holiday and Sick Leave			(8,256)	(6,880)			0.00%
8610.13	Group Health & Welfare Insurance	(12,383)		(11,827)	(9,856)			0.00%
8610.14	Group Life Insurance			0	0			
8610.15	Pension and Retirement	(1,905)	(3,736)	(703)	(586)		(1,896)	269.57%
8610.16	Workers Compensation insurance	(1,226)	924	(1,376)	(1,147)		(924)	67.16%
8610.18	Other payroll related benefits		(800)	(34)	(29)			0.00%
	Benefits and taxes	(30,390)	(13,691)	(32,723)	(27,269)	(914)	(12,069)	36.88%
	<b>Labor Costs</b>	<b>(163,804)</b>	<b>(286,762)</b>	<b>(170,315)</b>	<b>(141,929)</b>	<b>(20,007)</b>	<b>(213,545)</b>	<b>125.38%</b>
8610.22	Consulting and Management Fees	(14,109)	(4,548)	(3,000)	(2,500)	(242)	(6,491)	216.36%
8610.23	Legal	(15,069)	(4,528)	(10,000)	(8,333)	(3,089)	(1,874)	18.74%
8610.24	Accounting /Audit Fees	(59,232)	(62,977)	(40,000)	(33,333)	(2,539)	(34,022)	85.05%
8610.05	Marketing		(2,031)			(1,671)	(7,696)	
8610.43	Food	(868)		(1,500)	(1,250)			0.00%
8610.46	Office and Administrative Supplies	(19,595)	(8,306)	(15,000)	(12,500)	(720)	(6,596)	43.98%
8610.62	Repairs and Maintenance Grounds	0	0	(5,000)	(4,167)		(1,250)	25.00%
8610.69	Other- IT Services	(12,877)	(11,066)	0	0	(1,138)	(8,050)	
8610.74	Depreciation - Equipment			0	0			
8610.75	Rental/lease equipment			0	0			
8610.80	Utilities	(420)		0	0			
8610.82	Insurance	(17,747)	4,257	(41,900)	(34,917)		(54,354)	129.72%
8610.83	Licenses and Taxes	0		0				
8610.85	Telephone and communications	0		(2,500)				
8610.86	Dues, Subscriptions & Fees	(12,529)	(9,648)	(15,000)	(12,500)	(10)	(21,060)	140.40%
8610.87	Outside Trainings	380	(585)	(15,000)	(12,500)		(581)	3.87%
8610.88	Travel	(4,447)		(7,500)	(6,250)			0.00%
8610.89	Recruiting	(2,368)	(2,812)	(2,000)	(1,667)		(209)	10.45%
8610.90	Other Direct Expenses	(62,312)	(90,083)	(20,000)	(16,667)	(500)	(6,160)	30.80%
8610.95	Other Misc. Expenses	(4,844)						
	Non-Labor costs	(226,037)	(192,327)	(178,400)	(146,583)	(9,908)	(148,344)	83.15%
	Total Costs	(389,841)	(479,090)	(348,715)	(288,512)	(29,915)	(361,888)	103.78%
	<b>Net</b>	<b>1,083,785</b>	<b>1,026,980</b>	<b>951,285</b>	<b>794,821</b>	<b>175,610</b>	<b>891,554</b>	<b>93.72%</b>



## California Cooperative Liquid Assets Securities System

### What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers California public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected to optimize interest earnings while maximizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

### Who oversees and manages California CLASS?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

### How can you participate in California CLASS?

Enrolling in California CLASS is simple. Membership in the JPA is not a requirement to actively participate in California CLASS; public agencies may become Participants simply by passing a resolution authorizing them participate in the program and by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at [clientservices@californiaclass.com](mailto:clientservices@californiaclass.com). To obtain account forms and fund documents, visit [www.californiaclass.com/document-center/](http://www.californiaclass.com/document-center/).

\*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no fees charged from California CLASS for such transactions. \*\*External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

### California CLASS Participants benefit from the following:

- Same-day availability of funds ( 11:00 a.m. PT cut-off)
- Deposits by wire or ACH
- Intended Ratings of 'AAAm' & 'AAAf/S1'
- Secure online access for transactions and account statements
- No withdrawal notices for Prime Fund
- Participant-to-Participant transactions
- Interest accrues daily and pays monthly
- Competitive daily yields
- Unlimited subaccounts
- No minimum balance requirements
- No transaction fees\*
- Annual audit conducted by independent auditing firm\*\*
- Direct deposit of state and Federal payments
- Dedicated client service representatives available via phone or email on any business day





## What are the objectives of California CLASS?

### Safety

The primary investment objective of California CLASS Prime fund is preservation of principal. California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for all California CLASS investment holdings is U.S. Bank, N.A.

### Liquidity

When you invest with California CLASS, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the Internet or phone. There are no withdrawal notices for the California CLASS Prime fund, which offers daily liquidity.

### Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day using the California CLASS phone number (877) 930-5213, fax number (877) 930-5214, email [clientservices@californiaclass.com](mailto:clientservices@californiaclass.com) or via the California CLASS Online Transaction Portal at [www.californiaclass.com](http://www.californiaclass.com).

### Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, interest accruals, and rate summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your investment records.

### Competitive Returns

California CLASS strives to provide competitive returns while steadfastly adhering to the objectives of safety and liquidity. Participants benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. Portfolio performance is strengthened by the extensive knowledge of California public agency cash flows that the Public Trust team possesses.

### Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies. Both California CLASS Prime and California CLASS Enhanced Cash comply with maturity and credit limits set forth by S&P Global Ratings and FitchRatings, respectively.

**Have Questions?** Contact us or visit [www.californiaclass.com](http://www.californiaclass.com) for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.** Please see the Information Statement for further details on the fee calculation and other key aspects about California CLASS. California CLASS Prime will be rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). California CLASS Enhanced Cash will be rated by 'AAAF/S1' by FitchRatings. The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit [www.fitchratings.com](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk.



## California CLASS FAQs

### **Q: What is California CLASS?**

**A:** The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity that will be formed pursuant to Section 6509.7 of the Joint Powers Act. As a local government investment pool (LGIP), California CLASS will allow participating public agencies to invest funds in a professionally managed pooled investment program that complies with the requirements of California law, specifically California Government Code Section 53601. California CLASS will be a public agency and entity separate and apart from the Founding Participants.

California CLASS will offer two funds: Prime and Enhanced Cash. Prime is a stable \$1.00 Net Asset Value fund that offers daily liquidity, whereas Enhanced Cash is a variable Net Asset Value fund that offers next-day liquidity and affords Participants the opportunity to gain exposure to longer maturity securities. California CLASS will manage Prime in a manner consistent with the AAAM rating guidelines by S&P Global Ratings, while Enhanced Cash will be managed in a manner consistent with the AAAs/S1 rating guidelines by FitchRatings.

### **Q: What are the benefits to the District of participating in California CLASS?**

**A:** The Investment Advisor and Administrator to California CLASS will be Public Trust Advisors (Public Trust). Public Trust brings over a decade of LGIP administration and investment advisory experience and expertise to California public agencies. The primary business focus at Public Trust is LGIPs, and with this focus comes a deep commitment to the business domains upon which successful LGIP investment programs are built: fund administration; investment advisory services; fund accounting and transfer agency technologies; transaction portal development and improvement; marketing and distribution; client services; and, reporting and transparency. Public Trust's dedication to the LGIP market has resulted in increased operational efficiencies that facilitate a lower cost structure; these cost savings are ultimately passed on to the investor in the form of additional interest income.

### **Q: Why do California special districts need California CLASS?**

While there are undoubtedly excellent cash management options in California, additional diversification is always a positive development for any given set of public funds investors. Choice implies flexibility for the end-user, and competition creates cost savings for public agencies with respect to investment alternatives. Below are some of the key features of California CLASS that special districts will benefit from learning more about:

- Interest income accrues daily and pays monthly




- No withdrawal notices for Prime Fund
- No ACH or wire fees and no minimum balances
- User-friendly Participant portal for transactions
- Participant-to-Participant transfers
- Unlimited subaccounts, transactions, and future-dated transactions up to one year
- Managed by special district peers

**Q: What makes California CLASS different from CalTRUST and CAMP?**

**A:** Blackrock and Public Financial Management are outstanding investment advisory firms with not only a global and national presence, respectively, but also a variety of business lines and sources of revenue. Public Trust is a privately-held firm that is dedicated to LGIP administration and investment advisory. LGIPs such as California CLASS always have been and will remain the core business focus of Public Trust. The accrued institutional knowledge and deep experience with public funds investors that Public Trust possesses results in LGIP services that clients around the country depend upon for safe, transparent, and convenient liquidity management.

**Q: What are the differences between the Prime Fund and the Enhanced Cash Fund that California CLASS will offer public agencies?**

**A:** The Prime Fund is a Stable \$1.00 Net Asset Value fund that offers daily liquidity and is suitable for operating dollars. The Enhanced Cash Fund is a variable \$10.00 Net Asset Value fund that offers next-day liquidity and is suitable for non-operating dollars and strategic reserves that a district would not anticipate withdrawing for 12-18 months. Both funds are marked-to-market daily in accordance with the fair value hierarchy. Utilized in tandem, the Prime and Enhanced Cash Funds constitute a holistic cash management product suite for the optimal core and reserve liquidity solution.

	California CLASS Prime	California CLASS Enhanced Cash
<b>Portfolio Type</b>	Prime-Style	Enhanced Cash
<b>Purpose</b>	Short-Term Liquidity	Investment Horizon of 9-12 Months
<b>Rating</b>	'AAAm'	'AAAf/S1'
<b>Liquidity Offered</b>	Daily	Next Day
<b>Minimum Investment</b>	None	None
<b>Withdrawals</b>	Unlimited	Unlimited
<b>Accounts</b>	Unlimited	Unlimited
<b>Rate</b>	Calculated Daily	Calculated Daily



**Q: What are the three key factors in Public Trust’s administration and investment advisory services for LGIPs?**

1. **Commitment to the Client:** At every point along the LGIP “value chain,” Public Trust prioritizes the interests, considerations, and convenience of the public funds investor. How so? By investing heavily in the user experience. This entails everything from fund accounting and transfer agency technologies to the transaction Portal where Participants execute redemptions and withdrawals, download statements, and manage their subaccounts.
2. **Institutional Knowledge:** The professional portfolio management of a LGIP requires a deep understanding of money market asset classes and clients’ cash flow cycles in order to maximize return without sacrificing liquidity. Additionally, the combined 100+ years of combined public funds management experience by the Public Trust managing partners translates directly to an extensive broker-dealer network that facilitates best-price execution. This knowledge directly contributes to a unique ability to establish, maintain, and grow LGIP programs.
3. **Transparency:** Public Trust strives to manage LGIPs in a manner that facilitates 360-degree visibility of its administrative and investment advisory services. In its interaction with Boards of Trustees, its reporting and audit practices, and even its commitment to the mark-to-market valuation methodology for its portfolios’ securities, Public Trust is committed to the ability of public agencies to readily obtain a clear and comprehensive understanding of programs such as California CLASS.

**Q: Why is Public Trust establishing a LGIP in California?**

**A:** Public Trust is both proud and excited to bring its proven LGIP service model into the state of California. The state of California is widely considered to be the leader in best practices for public funds management, and we believe that this commitment to and understanding of the fundamental principles of safety, liquidity, and yield will result in an appreciation of and demand for the value proposition that California CLASS will offer to public agencies.

**Q: What is it like to serve on the Board of Trustees of a LGIP such as California CLASS?**

**A:** The Board of Trustees governs the management of the Joint Powers Authority created by the Joint Powers Agreement. This Joint Powers Authority is referred to as California CLASS. The responsibilities of the Board are critical to the operation of the program and include the supervision of California CLASS and its affairs and acts. Additionally, the Board acts as the primary liaison between the Participants, the Custodian, the Administrator, the Investment Advisor and all service providers.



The Board will meet quarterly to review the management of the investment program and to be updated by Public Trust on the administration and investment advisory services provided to California CLASS. Serving on the Board of a LGIP such as California CLASS affords Trustees the opportunity to receive regular updates on the economy and markets that can be shared with their peer network, the ability to play a direct and meaningful role in the management of an investment program that serves public agencies throughout California, and the chance to deeply engage with the broader government finance community. There are Trustees who have served and have been serving on Public Trust LGIPs for more than two decades because they find it to be a highly informative and rewarding form of service.





# A New Pooled Investment Solution for California Public Agencies

## Built to Serve the California Marketplace

Public Trust Advisors, LLC (Public Trust) is proud and excited to introduce its local government investment pool (LGIP) services to California public agencies. California CLASS Participants will enjoy the exceptional service, outstanding user experience, and competitive market returns that define Public Trust-managed LGIPs across the country.

From the user-friendly Participant portal Public Trust has developed to the Client Services team that is dedicated to California CLASS, our high-quality and cost-effective liquidity management solution will save public agencies' time, expand their resources, and provide them with a LGIP partner they can count on and trust.

## Your Partner in the Pooled Investment Services Industry

Public Trust brings a dedication to and institutional knowledge of managing LGIPs that Participants can depend upon. With a singular business focus of managing public funds, Public Trust is uniquely positioned to establish and maintain a LGIP dedicated solely to serving the safety, liquidity, and yield needs and requirements of California public agencies' funds.

Dedicated to LGIP Investment Advisory and Administration



Fund Administration	Investment Advisory
<ul style="list-style-type: none"> <li>✓ <b>Cybersecurity</b> Network and endpoint security controls, multi-factor authentication, routinely-tested disaster recovery plan</li> <li>✓ <b>Funds Rated by NRSROs</b> Weekly rating agency oversight for 'AAAm' rated funds and 'AAAf/S1' funds facilitates full transparency</li> <li>✓ <b>Client Services</b> Provides transactional support and new account creation assistance</li> <li>✓ <b>Reporting &amp; Statements</b> Participant and portfolio level reporting, account &amp; subaccount reports generated monthly, &amp; transaction confirmations</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Portfolio Management</b> Steadfast commitment to the public funds' investment hierarchy of safety, liquidity, and yield</li> <li>✓ <b>Demonstrated Track Record</b> Investment advisor and/or administrator for 16 LGIPs across the country</li> <li>✓ <b>Credit Research</b> Manage counterparty risk via fundamental and technical analysis that aims to stay ahead of downward ratings migration</li> <li>✓ <b>Institutional Knowledge and Expertise</b> Over 100+ combined years of stable and variable net asset value fund investment advisory experience</li> </ul>



## A New Pooled Investment Solution for California Public Agencies

### Who We Serve

Public Trust has over a decade of experience in creating and managing LGIPs around the country. We understand that the effective operation of the myriad components of a well-run LGIP - Board of Trustee relations; fund accounting and transfer agency functions; portfolio management and credit research; and marketing and distribution - require a steadfast commitment to not only LGIP programs but also to the public funds space itself. Public Trust maintains no business lines to anything other than the public sector.

LGIP CLIENT	STATE	SERVICES PROVIDED	INVESTMENT STYLE
COLOTRUST	Colorado	Administration & Investment Advisory	Government, Prime, & Enhanced Cash
FLCLASS	Florida	Administration & Investment Advisory	Prime & Enhanced Cash
LAMP	Louisiana	Administration	Prime
Michigan CLASS	Michigan	Administration & Investment Advisory	Prime & Enhanced Cash
NYCLASS	New York	Administration & Investment Advisory	Prime & Government
STAR Ohio	Ohio	Consulting Services	Prime
Texas CLASS	Texas	Administration & Investment Advisory	Prime & Government
TrustIndiana	Indiana	Administration & Investment Advisory	Prime
VIP	Virginia	Co-Administration and Investment Advisory	Prime & Enhanced Cash
Wyoming CLASS	Wyoming	Administration & Investment Advisory	Prime

### Why We Exist

Public Trust was founded with one explicit objective: to become the industry leader in providing LGIP investment advisory and administration services. The investments we have made in back-office technologies create efficiencies that Participants can experience in the transaction portal and see on their monthly statement. The commitment we make to hiring outstanding team members translates directly to effective and friendly client service.

Public Trust LGIP Participants know that they are more than just a name on a client list. The entirety of our firm's resources are dedicated to public agencies, their communities, and their taxpayers. From our LGIP system architecture to our institutional investment advisory knowledge, Public Trust is designed to serve the people to whom we owe our existence: the public funds investor.

**Client Service and  
Transparency Distinguish  
Our LGIPs**

Source: Public Trust Advisors® \*Data is as of 12/31/2021. Total assets under management include 5435 local government investment pool participants at \$41 billion and 68 SMA clients at \$10.5 billion. Data unaudited. All comments and discussion presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information above is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment returns fluctuate due to changes in market conditions. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit [www.fitchratings.com](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk.