

MONTE VISTA WATER DISTRICT

10575 Central Avenue, Montclair, California • (909) 624-0035

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NOTICE AND AGENDA OF FINANCE AND TECHNOLOGY COMMITTEE MEETING

MONDAY, MARCH 20, 2023 • 4:30 P.M.

Committee Members

Board Auditor Lopez – Chair

Director Erwin

Consistent with the provisions in Government Code section 54953(e)(2), the Finance Committee will conduct this meeting by video and teleconference. Interested members of the public may participate in the meeting to observe and/or provide public comment by using the access information listed above.

1. CALL TO ORDER / ROLL CALL

2. PUBLIC COMMENT

3. AGENDA CHANGES/ADDITIONS

4. DISCUSSION AND/OR ACTION ITEMS

A. Committee Meeting Minutes

Meeting Date: February 28, 2023

Recommendation: Approve as presented.

B. California Employers' Retiree Benefit Trust Update

Presenter: Leah Nazaroff, Accounting Manager

Recommendation: It is recommended that the Finance and Technology Committee recommend that the Board of Directors receive and file an update on the California Employers' Retiree Benefit Trust.

C. Cybersecurity: Prevention and Mitigation

Presenter: Juan Ventura, Customer Service & Information Technology Manager Stephanie Reimer, Assistant General Manager/Chief Financial Officer

Recommendation: It is recommended that the Finance and Technology Committee recommend that the Board of Directors receive and file a review of the Monte Vista Water District's approach to the prevention and mitigation of potential cybersecurity threats.

5. ADJOURNMENT

DECLARATION OF POSTING

In accordance with the requirement of California Government Code §54954.2, this agenda has been posted in the display case at the gated entrance to our main office at 10575 Central Avenue, Montclair, California not less than seventy-two (72) hours prior to the meeting date and time above.

Written materials relating to open session agenda items, including those distributed to the majority of the Board of Directors after distribution of this agenda package, are available for public inspection during normal business hours at the District's main office, located at 10575 Central Avenue, Montclair, California.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting may request such modification or accommodation from the District's Board Secretary at (909) 624-0035 or by email at BoardSecretary@mvwd.org. Notification forty-eight (48) hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

**MINUTES OF THE REGULAR MEETING
OF THE FINANCE COMMITTEE
OF THE MONTE VISTA WATER DISTRICT
BOARD OF DIRECTORS**

February 28, 2023

DIRECTORS PRESENT

Philip Erwin, Director – Chair
Tony Lopez, Board Auditor

DIRECTORS ABSENT

None.

STAFF PRESENT

Justin Scott-Coe, General Manager
Stephanie Reimer, Assistant General Manager/Chief Financial Officer
Leah Nazaroff, Accounting Manager
Juan Ventura, Customer Service and Information Technology Manager
Brandi Goodman-Decoud, Executive Assistant II

OTHERS IN ATTENDANCE

None.

ITEM 1: CALL TO ORDER

Director Erwin called the meeting to order at 4:30 p.m.

ROLL CALL

Each Committee member confirmed their attendance.

ITEM 2: PUBLIC COMMENT

None.

ITEM 3: AGENDA CHANGES/ADDITIONS

None.

ITEM 4: DISCUSSION AND/OR ACTION ITEMS

A. Committee Chair Appointment

Upon motion by Director Erwin, seconded by Board Auditor Lopez, and unanimously carried:

M23-02-01

MOVED: Approve the appointment of Board Auditor Lopez as chair for 2023-2025, as by roll call vote:

Director Erwin	aye
Board Auditor Lopez	aye

B. Meeting Minutes: February 28, 2023

Upon motion by Director Erwin and carried 1-0-1:

M23-02-02

MOVED: Approve as presented, as by roll call vote:

Director Erwin	aye
Board Auditor Lopez	abstain

C. Review of Information Technology Costs

Mr. Juan Ventura provided a brief overview of various information technology subscription costs.

Director Erwin recommended forwarding this item to the Board of Directors for information purposes.

The item was received and filed.

D. Investment Update (Verbal)

Ms. Stephanie Reimer provided a brief update regarding the Districts investments.

ITEM 5: ADJOURNMENT

Upon motion by Director Erwin, seconded by Board Auditor Lopez, and unanimously carried:

M23-02-03

MOVED: Approved to adjourn the meeting, as by roll call vote:

Director Erwin	aye
Board Auditor Lopez	aye

There being no further business, Director Erwin adjourned the meeting at 5:01 p.m.

Respectfully submitted,

Justin M. Scott-Coe
General Manager/Secretary



March 20, 2023

Honorable Finance and Technology Committee
Monte Vista Water District

SUBJECT: California Employers' Retiree Benefit Trust Update

STAFF RECOMMENDATION:

It is recommended that the Finance and Technology Committee recommend that the Board of Directors receive and file an update on the California Employers' Retiree Benefit Trust.

PRIOR BOARD ACTION:

On January 23, 2019, the Board of Directors 1) authorized the Board President to enter into the California Employers' Retiree Benefit Trust Agreement; 2) authorized the Board President to approve the Delegation of Authority to Request Disbursements Resolution; 3) authorized the General Manager to complete the Certification of Other Post-Employment Benefits Funding Policy and Governmental Accounting Standards Board Other Post-Employment Benefits Standards Reporting Compliance; and 4) authorized the initial contribution to the California Employers' Retiree Benefit Trust in the amount equal to the Retiree Medical Reserve balance.

FINANCIAL IMPACT:

None

CONSISTENCY WITH STRATEGIC PLAN GOALS/INITIATIVES:

Strategic Goal 5: Maintain responsible stewardship of District funds to address future needs.



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Sandra S. Rose
PRESIDENT

G. Michael Milhiser
VICE PRESIDENT

Manny Martinez
DIRECTOR / BOARD AUDITOR

Philip L. Erwin
DIRECTOR

Tony Lopez
DIRECTOR

BACKGROUND:

As part of the District's Annuitant Healthcare Benefit Program, medical insurance coverage is available to all employees who retire from the District and meet the age and service requirement eligibility. The continuance of providing these benefits results in a long-term financial liability. This is referred to as the District's Other Post-Employment Benefits (OPEB) liability.

In 2007, the Retiree Medical Reserve was established as part of the District's Cash Reserve Policy and served as a mechanism to begin prefunding the OPEB liability. Annual contributions and monthly interest to the reserve totaled approximately \$1.0 million as of January 31, 2019.

In January 2019, the Board of Directors approved the transfer of the Retiree Medical Reserve balance into an Internal Revenue Code Section 115 Trust (Trust) established through the California Employers' Retiree Benefit Trust (CERBT). This OPEB trust allowed for investment of the funds into significantly higher-yielding investment vehicles including the global equity and global real estate markets. Additionally, the Trust is irrevocable and thus recognized on the District's financial statements to offset its OPEB liability.

DISCUSSION:

Proactive management of the District's OPEB liabilities is of utmost importance in ensuring that the District meets its future obligations. The District's OPEB liability was approximately \$3.7 million as of June 30, 2022. The OPEB Trust balance, including contributions and investment returns, totaled \$1.9 million as of December 31, 2022. This represents an increase of about \$900,000, or 90%, since the inception of the Trust in 2019.

This evening staff will present an update on CERBT including the District's OPEB liability, funding behaviors, and the Trust's performance.

Respectfully submitted,



Leah I. Nazaroff
Accounting Manager



Stephanie A. Reimer
Assistant General Manager/
Chief Financial Officer



Justin M. Scott-Coe
General Manager



March 20, 2023

Honorable Finance and Technology Committee
Monte Vista Water District

SUBJECT: Cybersecurity: Prevention and Mitigation

STAFF RECOMMENDATION:

It is recommended that the Finance and Technology Committee recommend that the Board of Directors receive and file a review of Monte Vista Water District's approach to the prevention and mitigation of potential cybersecurity threats.

PRIOR BOARD ACTION:

On June 22, 2022, the Board of Directors adopted Resolution 819-22, adopting the Proposed Fiscal Year Ending 2023 Operating Budget, Capital Improvement Budget, Staffing Plan Document, and Salary Grade Wage Table.

FINANCIAL IMPACT:

None

CONSISTENCY WITH STRATEGIC PLAN GOALS/INITIATIVES:

Strategic Goal 1: Continually strive to provide high quality customer service.

Initiative 1.3: Improve standardized policies, procedures, and work processes across the district.

BACKGROUND:

Cybersecurity is the practice of protecting critical systems and sensitive information from digital attacks. Also known as information technology security, cybersecurity measures are designed to combat threats against networked systems and applications, whether those threats originate from inside or outside of an organization.



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These attacks can come in the form of malware, ransomware, phishing/social engineering, etc. Some of the online published reports show the following statistics for 2022:

1. There was a 21% increase in vulnerabilities compared to 2021.
2. The cost of cybercrime is predicted to hit \$8 trillion in 2023.
3. It takes an average of 277 days for security teams to identify and contain a data breach.
4. Identity fraud affected 42 million U.S. adults.

DISCUSSION:

Over the last year, Monte Vista Water District (District) has started to research and review its current security posture in order to begin developing a prevention and mitigation plan. The District has connected with local, state, and federal partners to provide guidance and resources to ensure the District is following both recommendations and in compliance with any legal requirements.

During the previous budgetary process, staff allocated \$5,800 to address gaps identified in the area of cybersecurity. There is more work to be done. As the District develops its plan and determines further actions, any anticipated expenses will be proposed through the budgetary process.

This evening staff will present a review of the steps taken so far to address cybersecurity and also a look at what is ahead.

Respectfully submitted,



Juan Ventura, Jr.
Customer Service &
Information Technology Manager



Stephanie A. Reimer
Assistant General Manager/
Chief Financial Officer



Justin M. Scott-Coe
General Manager