



**CalTRUST Board Meeting**

**June 21, 2011  
Teleconference**

**MINUTES**

**June 21, 2011**

The meeting was called to order by President Charles Lomeli at 10:04 am.

**1. Roll Call**

- Lomeli, Charles, (**President**), Treasurer-Tax Collector-Clerk, Solano County
- Duncan, Glenn (**Vice President**), Council Member, City of Chino
- Ciapponi, Dave (**Treasure**), Assistant General Manger, Westlands Water District
- Colville, John, Chief Investment Officer, City of Sacramento
- Kent, Don, Treasurer-Tax Collector, Riverside County
- McAllister, Dan, Treasurer-Tax Collector, San Diego County
- Russell Watts, Treasurer-Tax Collector, Contra Costa County
  
- Tom Sweet, *Executive Director*
- Steven Woodside, *Legal Counsel*
- Chris Feusahrens, *Secretary*

**Other Attendees:**

- |                    |                                |
|--------------------|--------------------------------|
| Castetter, Rob     | San Diego County               |
| Defenbaugh, Lyle   | Wells Capital Management       |
| Dole, Rod          | Member of the Public           |
| Harris, Lisa Marie | San Diego County               |
| Labanieh, Laura    | CSAC Finance Corporation       |
| Parrish, Nancy     | NACo Financial Services Center |

**2. Consider Appointment of Rod Dole to the Board of Trustees**

The Board appointed Rod Dole to serve as a public member of the CalTRUST Board of Trustees; effective immediately.

***Motion: G. Duncan***

***Second: J. Colville***

***Roll-Call Vote:***

- |                             |                             |
|-----------------------------|-----------------------------|
| <b><i>C. Lomeli</i></b>     | <b><u><i>aye</i></u></b>    |
| <b><i>G. Duncan</i></b>     | <b><u><i>aye</i></u></b>    |
| <b><i>D. Ciapponi</i></b>   | <b><u><i>aye</i></u></b>    |
| <b><i>J. Colville</i></b>   | <b><u><i>aye</i></u></b>    |
| <b><i>D. Kent</i></b>       | <b><u><i>absent</i></u></b> |
| <b><i>D. McAllister</i></b> | <b><u><i>absent</i></u></b> |
| <b><i>R. Watts</i></b>      | <b><u><i>absent</i></u></b> |

3. **Consider Appointment of Mary Zeeb to the Board of Trustees**

The Board appointed Mary Zeeb of Monterey County to serve on the CalTRUST Board of Trustees; effective immediately. Monterey County is a founding member of CalTRUST.

**Motion: G. Duncan**

**Second: R. Dole**

**Roll-Call Vote:**

<b>C. Lomeli</b>	<b><u>aye</u></b>
<b>R. Dole</b>	<b><u>aye</u></b>
<b>G. Duncan</b>	<b><u>aye</u></b>
<b>D. Ciapponi</b>	<b><u>aye</u></b>
<b>J. Colville</b>	<b><u>aye</u></b>
<b>D. Kent</b>	<b><u>absent</u></b>
<b>D. McAllister</b>	<b><u>absent</u></b>
<b>R. Watts</b>	<b><u>absent</u></b>

4. **Appoint Treasurer to the Audit Committee**

The Board appointed Dave Ciapponi, CalTRUST Treasurer, to serve on the CalTRUST Audit Committee. The Treasurer historically acts as the unofficial Chair of the Audit Committee.

**Motion: R. Dole**

**Second: G. Duncan**

**Roll-Call Vote:**

<b>C. Lomeli</b>	<b><u>aye</u></b>
<b>R. Dole</b>	<b><u>aye</u></b>
<b>G. Duncan</b>	<b><u>aye</u></b>
<b>D. Ciapponi</b>	<b><u>aye</u></b>
<b>J. Colville</b>	<b><u>aye</u></b>
<b>D. Kent</b>	<b><u>absent</u></b>
<b>D. McAllister</b>	<b><u>absent</u></b>
<b>R. Watts</b>	<b><u>absent</u></b>

5. **Discuss Custodial Services Agreement**

President Lomeli reported that he felt it was an appropriate time for us to put a Request for Proposal out to bid for custodial services to due our due diligence regarding pricing, technology, and services offered by the CalTRUST custodian. The Board directed staff to move forward with putting out an RFP. Trustees Colville, Dole, and Lomeli will serve as review committee for the proposals received with Colville as acting committee Chair.

**Motion: D. Ciapponi**

**Second: R. Dole**

**Roll-Call Vote:**

<b>C. Lomeli</b>	<b><u>aye</u></b>
<b>R. Dole</b>	<b><u>aye</u></b>
<b>G. Duncan</b>	<b><u>aye</u></b>
<b>D. Ciapponi</b>	<b><u>aye</u></b>
<b>J. Colville</b>	<b><u>aye</u></b>
<b>D. Kent</b>	<b><u>absent</u></b>
<b>D. McAllister</b>	<b><u>absent</u></b>
<b>R. Watts</b>	<b><u>aye</u></b>

6. **Report on Due Diligence Visit with Nottingham**

Charles Lomeli, Lyle Defenbaugh and Laura Labanieh visited Nottingham on May 24, 2011 for the annual Due Diligence meeting to discuss various items including their disaster recovery plan. Lomeli reported that they do have a solid disaster recovery plan and they have provided us a copy. Lomeli suggested that CalTRUST should establish their own disaster recovery plan in conjunction with Nottingham and other partners to be presented to the Board at the September meeting of the CalTRUST Board of Trustees. Laura Labanieh reported that the meeting was very fruitful and Nottingham has also offered to help CalTRUST draft the RFP for custodial services.

7. **Report on Money Market Fund Transition**

Lyle Defenbaugh reported that the transition has been completed to remove Union Bank from the Money Market Fund transaction process due to unnecessary issues with timing created by their past involvement. Nottingham will not process transaction requests directly with the Fund. The transition took place on May 31<sup>st</sup> and there was one glitch with Monterey County as they tried to redeem funds during the transition and had to wait until the next day.

Laura Labanieh commented that the main lesson learned with the transition is that staff needs to communicate with participants before any future transitions to avoid these glitches.

8. **Mitigation of Potential Transaction Problems**

President Lomeli stressed that CalTRUST is looking at ways to mitigate any future transaction problems to ensure that maintain our reputation of reliability. Lyle Defenbaugh is working with the Wells Capital team and Nottingham to put some type of mitigation tool in place and the first step was to ensure that all parties involved in transaction processing have a list of essential contacts. In the event that a transaction should fail; options being considered include a standby letter of credit (LOC) or a daylight overdraft account. An LOC may be cost prohibitive. A better analysis of options will be presented to the Board at the Fall Meeting of the Board of Trustees.

9. **Other Business**

Dave Ciapponi brought to the board's attention that the CalTRUST Joint Powers Agreement (JPA) requires a \$10 million bond for the Board Treasurer. In considering the actual duties of the Treasurer, there are no assets, revenue, or disbursements that the Treasurer is actually responsible for so the \$10 million bond requirement seems excessive. Staff was directed to look into a short-term bond so CalTRUST is covered for now and then have legal counsel review the requirement to see if we can lower it and report back at the Fall Meeting of the Board of Trustees.

10. **Public Comment**

There were no public comments.

11. **Adjourn**

The meeting was adjourned at 10:35 am.

***Motion: G. Duncan***

***Second: R. Watts***