



## NOTICE OF MEETING AND AGENDA

Notice is hereby given that a meeting of the CalTRUST Board of Trustees will be held on March 5, 2021 at 11:30am via teleconference.

Zoom Meeting Link: <https://us02web.zoom.us/j/9166508186>

Public Conference Call Access: (669) 900-6833 Access Code: 916-650-8186

**Public Comment** – In accordance with Government Code Section 54954.3, any member of the public may address the Board concerning any matter on the agenda before the Board acts on it and on any other matter during the public comment period at the conclusion of the agenda.

### March 5, 2021 AGENDA

11:30 a.m.    **Presiding: John Colville**

1.    **Roll Call**

\_\_\_\_\_ John Colville - **President**  
\_\_\_\_\_ Don Kent - **Secretary**  
\_\_\_\_\_ Mary Zeeb - **Treasurer**  
\_\_\_\_\_ Chuck Lomeli  
\_\_\_\_\_ Dan McAllister  
\_\_\_\_\_ Matt McCue  
\_\_\_\_\_ Bobbie Ormonde

2.    **CEO Update**

*Laura Labanieh*

3.    **Consider Minutes of the November 13, 2020 Board Meeting**

*Laura Labanieh – ACTION ITEM*

4.    **Consider Temporary BlackRock Fee Adjustment – Liquidity Fund**

*Laura Labanieh & BlackRock – ACTION ITEM*

5.    **Other Business**

6.    **Public Comment**

*Any member of the public may address the Board concerning any matter not on the Agenda within the Board's jurisdiction.*

7.    **Adjourn**

A person with a qualifying disability under the Americans with Disabilities Act of 1990 may request the Agency provide a disability-related modification or accommodation in order to participate in any public meeting of the Agency. Such assistance includes appropriate alternative formats for the agendas and agenda packets used for any public meetings of the Agency. Requests for such assistance and for agendas and agenda packets shall be made in person, by telephone, facsimile, or written correspondence to the Agency office, at least 48 hours before a public Agency meeting.



**Agenda Item: 3. Consider Minutes of the November 13, 2020 Board Meeting  
Action Item**

**Presented By:** Laura Labanieh

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**BACKGROUND:**

Following are the Minutes of the CalTRUST Board of Trustees Meeting of November 13, 2020.

**RECOMMENDATION:**

It is recommended that the Board approve the CalTRUST Board of Trustees Meeting Minutes of November 13, 2020.



## CalTRUST Board of Trustees Meeting

November 13, 2020  
Teleconference

### MINUTES

The meeting was called to order by President Colville at 12:04 p.m.

#### 1. Roll Call

- John Colville (*President*), City of Sacramento
- Don Kent (*Secretary*), Riverside County
- Mary Zeeb (*Treasurer*), Monterey County
- Chuck Lomeli, Solano County
- Dan McAllister, San Diego County
- Matt McCue, Mission Springs Water District
- Bobbie Ormonde, Westlands Water District

#### Other Attendees:

Tim Banach	US Bank
Chase Broffman	CSAC Finance Corporation
Norman Coppinger	League of California Cities
Akiva Dickstein	BlackRock
Connor Dolan	BlackRock
Alan Fernandes	CSAC Finance Corporation
Ron Hill	BlackRock
Ed Ingold	BlackRock
Bill Jasien	NACo
Laura Labanieh	CalTRUST
Garrett MacDonald	cashvest
Ludwig Marek	BlackRock
Rick Wood	California Special Districts Association
Katie Yockey	Ultimus Fund Solutions
Sendy Young	CSAC Finance Corporation

#### 2. CEO Update

Staff continues focus on outreach activities such as education programs, mailers, and conferences. Since the last Board Meeting, CalTRUST held an Investment Terminology 101 & Market Update webinar with 149 attendees. Staff is currently working on finalizing a webinar for the Association of County Treasurers and Tax Collectors (CACTTC) that will be promoted directly through CACTTC as well as working to schedule one final market update before year-end. Staff sent out mailers reminding all CalTRUST participants of available fund features. CalTRUST continues to participate in virtual conferences and work with conference hosts to maximize investment in their conferences.

CEO Labanieh discussed that she would like to undertake an overhaul of the Investment Policy and enhance it to the point where it could be applied for certification through the California Municipal Treasurers Investment Policy Certification Program. The goal is to have this document ready for approval for the Board in April.

Changes to California Code, with the passing of Senate Bill 998, could provide a new pool of eligible CalTRUST participants as it allows federally recognized Indian tribes to be eligible to invest in JPA investment pools. Trustees suggested that staff do research to understand how to approach Tribes, and how they conduct business.

Staff reported that it has been difficult to establish a solid nomination for an additional City representative on the Board due to additional work and stress of COVID.

**3. Consider Minutes of the July 23, 2020 Board Meeting**

The Board approved the Minutes of the July 23, 2020 Board Meeting.

*Motion: J. Colville*

*Second: M. Zeeb*

*Approved by roll-call vote.*

**4. Consider CalTRUST FYE 20 Audit**

The CalTRUST FYE 20 Audit was completed and issued on October 27, 2020. The audit received a clean/unqualified opinion with one material adjustment to reclassify \$8.5 million as investments instead of receivables for a year-end transaction. The Board accepted the CalTRUST FYE 20 Audit.

*Motion: C. Lomeli*

*Second: D. McAllister*

*Approved by roll-call vote.*

**5. Budget Update**

Staff reviewed the FYE 20 actuals, and the FY 20-21 budget. CalTRUST maintains a reserve balance of \$487,045.

**6. Consider Extension of CSAC FC Executive Staffing Agreement**

The Board approved the one-year extension to the current Executive Staffing Agreement with the CSAC Finance Corporation as presented.

*Motion: M. Zeeb*

*Second: B. Ormonde*

*Approved by roll-call vote.*

**7. BlackRock Update**

In mid-October, BlackRock implemented some internal reorganization whereby they are now more fully incorporating their US Short Duration team into their fundamental fixed income (FFI) platform. As a result, Tom Musmanno is no longer with BlackRock and senior portfolio manager Akiva Dickstein has assumed the role as CalTRUST's portfolio manager of our short- and medium-term funds.

Akiva Dickstein presented a macro market update to the Board including fiscal and monetary policy as well as the forward-looking economy and interest rates. Ludwig Marek presented an

update on the short-term and medium-term fund, their composition and yield curve positioning. Ron Hill presented an overview on BlackRock's liquidity business overview and money market fund to the Board. Ed Ingold finished the BlackRock presentation by discussing the portfolio composition of the Liquidity fund and divulged into the sustainability of liquidity and preservation of principle within the fund. Laura Labanieh reiterated to the Board that BlackRock has continued to be a great partner and has continued to be available as a resource for new and existing shareholders.

**8. Ultimus Update**

Katie Yockey informed the Board that Ultimus remains working remotely. Staff has been working with Ultimus to finalize the contract amendment approved at the July Board Meeting as well as to establish the S&P license. Ultimus is also working on a new portal which is expected to launch early next year and could provide additional features for CalTRUST. Laura Labanieh thanked Katie Yockey and her team for helping with the audit.

**9. US Bank Update**

US Bank still remains a steady partner. No changes or service issues to report.

**10. CalTRUST Endorsing Partners Updates**

The California Special Districts Association continues to promote and market CalTRUST through their publications and website.

The CSAC Finance Corporation is satisfied with all the results that CalTRUST has provided. The April 2021 Annual Meeting for both CalTRUST and CSAC FC is scheduled to happen in-person at Hotel Yountville.

**11. Presentation on "cashvest by threeplusone"**

The "cashvest by threeplusone" team presented an overview of their services to the CalTRUST Board. The program is a new offering under the CSAC Finance Corporation.

**12. Other Business**

There was no other business.

**13. Public Comment**

There was no public comment.

**14. Adjourn**

The meeting was adjourned at 2:30 p.m.



**Agenda Item: 4. Consider Temporary BlackRock Fee Adjustment – Liquidity Fund  
Action Item**

**Presented By:** Laura Labanieh & BlackRock

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**BACKGROUND:**

In July 2020, the CalTRUST Board of Trustees adopted a Fee Waiver Policy for the CalTRUST Liquidity Fund. As part of the policy, a three basis point yield floor was established in the Fund. Since then, the Fee Waiver has been implemented and the Liquidity Fund is currently yielding three basis points.

As Government Funds are now yielding slightly higher, BlackRock has offered to temporarily waive an additional two basis points of the Investment Management fee on the Liquidity Fund so a new floor of five basis points could be established, in order to maintain the Fund as a desirable option.

Practically speaking, once the yield drops below five basis points, this fee adjustment would go into effect to bridge the gap between a new five basis point floor and the existing Fee Waiver Policy of three basis points. The existing Policy would remain and continue to be implemented as necessary.

As such, the Board is being asked to consider implementing the additional fee adjustment with BlackRock in order to establish a five basis points floor for 90 days, at which point the market conditions and arrangement would be reconsidered. While it would be a separate agreement and not alter the existing Fee Waiver Policy, a copy of the existing Policy is attached for reference.

**RECOMMENDATION:**

It is recommended that the Board approve the temporary BlackRock Fee Adjustment and authorize staff to enter into a side letter agreement, or other contractual means as necessary, with BlackRock to implement the adjustment.

## CalTRUST Liquidity Fund Fee Schedule

	Current Up to \$50m	Current Over \$50; uo to \$200m	Current Over \$200; uo to \$500m	Current Over \$500m
<b>Advisory Fee</b>				
BlackRock	0.1000%	0.0800%	0.0400%	0.0200%
<b>Fund Accounting Fee</b>				
Ultimus	0.0200%	0.0200%	0.0200%	0.0150%
<b>Custody Fee</b>				
US Bank	0.0050%	0.0050%	0.0050%	0.0033%
<b>Administrative Fee</b>				
CSAC FC	0.0225%	0.0225%	0.0225%	0.0225%
<b>Operating Fee</b>				
CalTRUST/Sponsors	0.0335%	0.0335%	0.0335%	0.0335%
	<b>0.1810%</b>	<b>0.1610%</b>	<b>0.1210%</b>	<b>0.0943%</b>

CalTrust Liquidity Fund  
ProForma Fee Schedule

	Advisory Fees	Administrative	Fund Accounting	Operating	Custody	Total Fees	Annualized	Annualized (Bps)
<b>Net Assets</b>	<b>May totals</b>	<b>May totals</b>	<b>May totals</b>	<b>May totals</b>	<b>May totals</b>			
	<b>548,812,776</b>							
0-50 Mil	\$ 4,234.97							
50-200 Mil	10,163.93							
200-500 Mil	10,163.93		8,469.95		2,117.49			
Over 500 Mil	826.88		620.16		136.44			
<b>Monthly (\$)</b>	<b>\$ 25,389.71</b>	<b>\$ 10,458.93</b>	<b>\$ 9,090.11</b>	<b>\$ 15,572.19</b>	<b>\$ 2,253.92</b>	<b>\$ 62,764.86</b>	<b>\$ 753,178.31</b>	<b>0.137%</b>
<b>Annualized (Bps)</b>	<b>0.056%</b>	<b>0.023%</b>	<b>0.020%</b>	<b>0.034%</b>	<b>0.005%</b>	<b>0.137%</b>		
<b>Net Assets</b>	<b>150,000,000</b>	<b>150 Mil</b>	<b>150 Mil</b>	<b>150 Mil</b>	<b>150 Mil</b>			
0-50 Mil	\$ 4,234.97							
50-200 Mil	6,775.96							
<b>Monthly (\$)</b>	<b>\$ 11,010.93</b>	<b>\$ 2,858.61</b>	<b>\$ 2,540.98</b>	<b>\$ 4,256.15</b>	<b>\$ 635.25</b>	<b>\$ 21,301.91</b>	<b>\$ 255,622.96</b>	<b>0.170%</b>
<b>Annualized (Bps)</b>	<b>0.088%</b>	<b>0.023%</b>	<b>0.020%</b>	<b>0.034%</b>	<b>0.005%</b>	<b>0.170%</b>		
<b>Net Assets</b>	<b>300,000,000</b>	<b>300 Mil</b>	<b>300 Mil</b>	<b>300 Mil</b>	<b>300 Mil</b>			
0-50 Mil	\$ 4,234.97							
50-200 Mil	10,163.93							
200-500 Mil	3,387.98							
<b>Monthly (\$)</b>	<b>\$ 17,786.88</b>	<b>\$ 5,717.21</b>	<b>\$ 5,081.97</b>	<b>\$ 8,512.30</b>	<b>\$ 1,270.49</b>	<b>\$ 38,368.85</b>	<b>\$ 460,426.17</b>	<b>0.153%</b>
<b>Annualized (Bps)</b>	<b>0.071%</b>	<b>0.023%</b>	<b>0.020%</b>	<b>0.034%</b>	<b>0.005%</b>	<b>0.153%</b>		
<b>Net Assets</b>	<b>400,000,000</b>	<b>400 Mil</b>	<b>400 Mil</b>	<b>400 Mil</b>	<b>400 Mil</b>			
0-50 Mil	\$ 4,234.97							
50-200 Mil	10,163.93							
200-500 Mil	6,775.96							
<b>Monthly (\$)</b>	<b>\$ 21,174.86</b>	<b>\$ 7,622.95</b>	<b>\$ 6,775.96</b>	<b>\$ 11,349.73</b>	<b>\$ 1,693.99</b>	<b>\$ 48,617.48</b>	<b>\$ 583,409.80</b>	<b>0.146%</b>
<b>Annualized (Bps)</b>	<b>0.064%</b>	<b>0.023%</b>	<b>0.020%</b>	<b>0.034%</b>	<b>0.005%</b>	<b>0.146%</b>		
<b>Net Assets</b>	<b>500,000,000</b>	<b>500 Mil</b>	<b>500 Mil</b>	<b>500 Mil</b>	<b>500 Mil</b>			
0-50 Mil	\$ 4,234.97							
50-200 Mil	10,163.93							
200-500 Mil	10,163.93							
<b>Monthly (\$)</b>	<b>\$ 24,562.83</b>	<b>\$ 9,528.69</b>	<b>\$ 8,469.95</b>	<b>\$ 14,187.16</b>	<b>\$ 2,117.49</b>	<b>\$ 58,866.11</b>	<b>\$ 706,393.30</b>	<b>0.141%</b>
<b>Annualized (Bps)</b>	<b>0.059%</b>	<b>0.023%</b>	<b>0.020%</b>	<b>0.034%</b>	<b>0.005%</b>	<b>0.141%</b>		





## CalTRUST Policies and Procedures Liquidity Fund Fee Waiver

Should the net yield of the CalTRUST Liquidity Fund drop below 3 bps (0.03%), the following fee waivers will begin going into effect, in the order such specified, to maintain the net yield at no lower than 3 bps (0.03%). The fee waivers will only be in effect for the time period as necessary to maintain the aforementioned yield. The waivers will be removed in the reverse order as applied to maintain the 3 bps (0.03%) net yield until all waivers are removed. *(Triggers may vary based on actual assets and those listed below are for example and based off of average assets of \$300 million.)*

### **Waiver 1**

**Trigger:** Gross Yield < 18.3 bps

**Action:** Decrease Advisory Fees on 0-50 Mil to 8 bps.

### **Waiver 2**

**Trigger:** Gross Yield < 18 bps

**Action:** Decrease Advisory Fees on 50-200 Mil to 6 bps.

### **Waiver 3**

**Trigger:** Gross Yield < 17 bps

**Action:** Decrease Fund Accounting Fees to 1.5 bps.

### **Waiver 4**

**Trigger:** Gross Yield < 16.5 bps

**Action:** Decrease Administrative Fees to 1.5 bps.

### **Waiver 5**

**Trigger:** Gross Yield < 15.7 bps

**Action:** Decrease Operating Fees to 2.5 bps. Discontinue Sponsor Fee Payments.

### **Waiver 6**

**Trigger:** Gross Yield < 14.9 bps

**Action:** Decrease Advisory Fees on 200-500 Mil to 3 bps.

### **Waiver 7**

**Trigger:** Gross Yield < 14.5 bps

**Action:** Decrease Advisory Fees on 0-50 Mil to 6 bps.

### **Waiver 8**

**Trigger:** Gross Yield < 14.2 bps

**Action:** Decrease Advisory Fees on 50-200 Mil to 5 bps.

### **Waiver 9**

**Trigger:** Gross Yield < 13.7 bps

**Action:** Decrease Fund Accounting Fees to 1.25 bps.

### **Waiver 10**

**Trigger:** Gross Yield < 13.4 bps

**Action:** Decrease Administrative Fees to 1.25 bps.

### **Waiver 11**

**Trigger:** Gross Yield < 13.2 bps

**Action:** Decrease Operating Fees to 2.25 bps.