NOTICE OF MEETING AND AGENDA

Notice is hereby given that a meeting of the CalTRUST Board of Trustees will be held on May 27, 2021 at 1:00pm 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 of the agenda.

May 27, 2021
AGENDA

1:00 p.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. Public Comment
   Any member of the public may address the Board concerning any matter not on the Agenda within the Board’s jurisdiction.

3. Consider Minutes of the April 7, 2021 Board Meeting
   Laura Labanieh – ACTION ITEM

4. Consider Liquidity Fund Yield Floor Reduction
   Laura Labanieh & BlackRock – ACTION ITEM

5. Closed Session
   Public Employee Performance Evaluation (§ 54957): Program Administration

6. CalTRUST Organizational Structure
   Laura Labanieh

7. Other Business

8. 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 April 7, 2021 Board Meeting
Action Item

Presented By: Laura Labanieh

BACKGROUND:
Following are the Minutes of the CalTRUST Board of Trustees Meeting of April 7, 2021.

RECOMMENDATION:
It is recommended that the Board approve the CalTRUST Board of Trustees Meeting Minutes of April 7, 2021.
The meeting was called to order by President Colville at 10:03 a.m.

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

Other Attendees:
- Tim Banach US Bank
- Chase Broffman CSAC Finance Corporation
- Connor Dolan BlackRock
- Alan Fernandes CSAC Finance Corporation
- Ron Hill BlackRock
- Ed Ingold BlackRock
- Laura Labanieh CalTRUST
- Christy Stutzman CSAC Finance Corporation
- Lauren Warren San Diego County
- Ludwig Marek BlackRock
- Neil McCormick California Special Districts Association
- Rick Wood California Special Districts Association
- Katie Yockey Ultimus Fund Solutions
- Sendy Young CSAC Finance Corporation

2. **Welcome and Introduction of Attendees**
   President Colville welcomed all participants and thanked them for their attendance. CEO Labanieh introduced all participants.

3. **CEO Update**
   CEO Labanieh informed the Board that in-person meetings were scheduled for June 24th at the Hyatt Regency in Huntington Beach, and September 14-15th at the Ritz Carlton in Truckee-Tahoe. The June meeting will serve as the CalTRUST Annual Meeting.

   She informed the Board that she had recently participated on the NACo National conference call regarding the American Rescue Plan. It is still uncertain how and when the funds are going to be
allocated by the federal government. She hopes to have more information in the weeks to come and conduct outreach reminding cities and counties that CalTRUST is an option to park their funds.

She reported that the most recent webinar, What Does BlackRock Think had over 75 attendees. The next scheduled webinar is Coffee with CalTRUST which is a CalTRUST introductory webinar reviewing the features and funds. The trend has become that the majority of webinar participants are prospects as opposed to current shareholders.

4. **Consider Minutes of the March 5, 2021 Board Meeting**
   The Board approved the Minutes of the March 5, 2021 Board Meeting.

   *Motion: D. McAllister*
   *Second: D. Kent*
   *Approved by roll-call vote.*

5. **CalTRUST Election of Officers**
   The Board appointed the following slate of CalTRUST Officers:

   President – John Colville
   Secretary – Don Kent
   Treasurer – Mary Zeeb

   *Motion: C. Lomeli*
   *Second: M. McCue*
   *Approved by roll-call vote.*

6. **Consider Audit Engagement**
   The Board approved the selection of the CalTRUST Audit Committee to engage Brown Armstrong for audit services for three years.

   *Motion: D. McAllister*
   *Second: D. Kent*
   *Approved by roll-call vote.*

7. **Ultimus Update**
   Ultimus staff, Katie Yockey, reported no operational issues and successful business continuity. Ultimus staff is not expected to be working in-office until July.

   Trustee Zeeb suggested that a training for online trading should be considered since there are still a large number of manual trades being conducted.

8. **U.S. Bank Update**
   U.S. Bank staff, Tim Banach, reported no changes, and continues to be grateful for the partnership. In his new role, his client focus is on those with assets over $1 billion. U.S. Bank staff is not expected to report to their offices in-person until late summer or early fall.

9. **Investment, Market & Portfolio Strategy Update & Review**
   BlackRock staff gave a detailed overview of the current market conditions and the CalTRUST funds.
BlackRock would like to look at the fringes of the code for clarity to gain additional yield and flexibility. More firm bullet points for consideration will be brought forth to the June meeting. Trustee Lomeli assured BlackRock that they should not feel pressured to search for basis points in the current market environment. He and Trustee Zeeb serve on the CACTTC Legislative Committee and may be able to seek clarity on some items.

10. **CalTRUST Endorsing Partners Updates**
    CSAC Finance Corporation CEO Alan Fernandes reported that San Diego Supervisor Greg Cox recently retired. The urban county seat on their board was filled by Orange County Supervisor Lisa Bartlett. They also informed the Board that EasySmartPay is looking to engage services with CalTRUST as the depository for county property tax funds. Alan discussed a potential partnership with California Coverage & Health Initiatives (CCHI) involving state funding for outreach and enrollment with local health plans.

    California Special Districts Association (CSDA) staff informed the board that they are currently working with the state to try to receive American Rescue Plan funding for special districts. CSDA is also focusing heavily on promoting CalTRUST through their website, webinars, and newsletters.

11. **Other Business**
    President Colville informed the Board that he is currently working on completing CEO Laura Labanieh’s evaluation.

    The Board has asked CEO Labanieh to circulate a review of her accomplishments of the last two years and address her goals and objectives moving forward.

12. **Public Comment**
    There was no public comment.

13. **Adjourn**
    The meeting was adjourned at 11:53 a.m.
Agenda Item: 4. Consider Liquidity Fund Yield Floor Reduction
Action Item

Presented By: Laura Labanieh & BlackRock

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.

In March 2021, the CalTRUST Board of Trustees entered into a temporary fee adjustment with BlackRock to reduce their Liquidity Fund fees an additional two basis points and adjust the yield floor on the fund to five basis points. This adjustment was made as Government Funds were outyielding the Liquidity Fund. This adjustment was made for a temporary 90 days.

Based on the waivers and the additional BlackRock fee adjustment, a gross yield of 13.2 basis points (this number has slight fluctuations depending on actual assets in the fund) is necessary to maintain the five basis points floor. Unfortunately, overnight rates continued to decline and in April the fund grossed a 9.2 basis point yield. With all waivers in effect, this left a deficit of $6,737 of fees to be backfilled in order to meet the five basis points yield floor. As such, CalTRUST waived the $3,734 operating fees we would have received for the Liquidity Fund for April and used our contingency fund to pay $3,003 back into the fund.

As of May 21st, the gross yield for May is 11.3 basis points so another deficit is expected.

After discussions with BlackRock, it is recommended that the Board reset the yield floor for the Liquidity Fund back to three basis points and maintain the additional two basis points fee reduction from BlackRock. It is recommended that this change stay in effect until the September Board meeting where the performance and market conditions will be reviewed again.

The existing Fee Waiver Policy is attached for reference. Please note that the additional two basis points BlackRock reduction is separate from the actual policy.

RECOMMENDATION:
It is recommended that the Board reset the yield floor on the Liquidity Fund back down to three basis points and keep the additional two basis points BlackRock fee reduction in place, to be implemented when all tiers of the Fee Waiver Policy are in effect.
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
Triggers: Gross Yield < 18.3 bps
Action: Decrease Advisory Fees on 0-50 Mil to 8 bps.

Waiver 2
Triggers: Gross Yield < 18 bps
Action: Decrease Advisory Fees on 50-200 Mil to 6 bps.

Waiver 3
Triggers: Gross Yield < 17 bps
Action: Decrease Fund Accounting Fees to 1.5 bps.

Waiver 4
Triggers: Gross Yield < 16.5 bps
Action: Decrease Administrative Fees to 1.5 bps.

Waiver 5
Triggers: Gross Yield < 15.7 bps
Action: Decrease Operating Fees to 2.5 bps. Discontinue Sponsor Fee Payments.

Waiver 6
Triggers: Gross Yield < 14.9 bps
Action: Decrease Advisary Fees on 200-500 Mil to 3 bps.

Waiver 7
Triggers: Gross Yield < 14.5 bps
Action: Decrease Advisory Fees on 0-50 Mil to 6 bps.

Waiver 8
Triggers: Gross Yield < 14.2 bps
Action: Decrease Advisory Fees on 50-200 Mil to 5 bps.

Waiver 9
Triggers: Gross Yield < 13.7 bps
Action: Decrease Fund Accounting Fees to 1.25 bps.

Waiver 10
Triggers: Gross Yield < 13.4 bps
Action: Decrease Administrative Fees to 1.25 bps.

Waiver 11
Triggers: Gross Yield < 13.2 bps
Action: Decrease Operating Fees to 2.25 bps.
# CalTRUST Liquidity Fund Fee Schedule

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<tr>
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<th>Current</th>
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<td>Current</td>
</tr>
<tr>
<td>Net Assets</td>
<td>Advisory Fees</td>
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<tr>
<td>50-200 Mil</td>
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 Agenda Item: 5. Closed Session
Public Employee Performance Evaluation (§ 54957): Program Administration

BACKGROUND:
Attached is a copy of the current Program Administration Agreement.

RECOMMENDATION:
No action.
INTELLECTUAL PROPERTY LICENSE, ROYALTY, AND PROGRAM ADMINISTRATION AGREEMENT

This Intellectual Property License, Royalty, and Program Administration Agreement ("Agreement"), dated as of July 1, 2019 ("Effective Date"), is made and entered into by and between the CSAC Finance Corporation, a California public benefit corporation (CSAC FC), and the Investment Trust of California (CalTRUST), a California joint powers authority created pursuant to the Joint Powers Agreement, (the "Authority" or "CalTRUST"). The Authority and CSAC FC are sometimes individually referred to herein as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Section 6502 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the Joint Exercise of Powers Act) provides that "if authorized by their legislative or other governing bodies, two or more Public Agencies by agreement may jointly exercise any power common to the contracting parties," and

WHEREAS, Section 6500 of the Joint Exercise of Powers Act defines "Public Agency" to include "the federal government or any federal department or agency, this state, another state of any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies," and

WHEREAS, Section 6504 of the Joint Exercise of Powers Act, authorizes such an agreement to provide that "(a) contributions from the treasuries may be made for the purpose set forth in the agreement, (b) payments of public funds may be made to defray the cost of such purpose, (c) advances of public funds may be made for the purpose set forth in the agreement, such advances to be repaid as provided in said agreement, or (d) personnel, equipment or property of one or more of the parties to the agreement may be used in lieu of other contributions or advances. The funds may be paid to and disbursed by the agency or entity agreed upon, which may include a nonprofit corporation designated by the agreement to administer or execute the agreement for the parties to the agreement."

WHEREAS, pursuant to the Joint Exercise of Powers Agreement, dated as of February 24, 2005, (the JPA Agreement), certain Public Agencies (the "Members"), authorized by their legislative or other governing bodies, agreed to jointly exercise their common power to create CalTRUST as an agency and public entity separate from its Members under Section 6509.7 of the Joint Exercise of Powers Act;

WHEREAS, the purpose of the CalTRUST is to, among other things, coordinate and, to the extent authorized, administer, the Members’ and Participants’ duties and obligations in respect to laws pertaining public investment and cash management; and

WHEREAS, CSAC FC funded the establishment of CalTRUST as a Joint Powers Authority and has since provided valuable intellectual property, direct services, and resources to ensure accountability and the success of CalTRUST and its programs of benefit to the public and its Members; and
WHEREAS, the services and resources provided to CalTRUST by CSAC FC provide substantial public benefits to the people of California, including: helping to lower the costs of CalTRUST programs paid for by the Members, and CalTRUST is governed by a Board of Trustees, all of whom are experienced local agency finance professionals; and

WHEREAS, in consideration for intellectual property and the many services provided by CSAC FC to CalTRUST and in order to recognize and support the significant public benefits provided by CSAC FC to CalTRUST and its Members, CalTRUST has agreed to provide CSAC FC certain revenues arising from certain activities of CalTRUST; and

WHEREAS, the parties intend that CalTRUST shall have the ability through this agreement to use the skill, expertise, and time of CSAC FC's employees and resources, that this Agreement provide a mechanism by which CalTRUST will compensate CSAC FC for the services and resources provided to CalTRUST, and thereby adopt an agreement that fully reflects the sponsorship, licensing of intellectual property, financial and administrative relationship, and duties among the Parties; and

WHEREAS, this agreement is executed for the purpose of enabling CalTRUST to have its own Executive Officer, therefore ensuring CSAC FC has no obligation as a manager or fiduciary;

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, representations, and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. TERM.
   This Agreement shall commence on the Effective Date and shall continue thereafter until June 30, 2029, unless earlier terminated in accordance with the terms of this Agreement. This Agreement shall automatically renew for successive two (2) year terms (each a "Renewal Term" and together with the Initial Term, the "Term"), until June 30, 2038, unless either Party notifies the other Party, in writing, of its intent not to renew this Agreement at least ninety (90) days prior to the expiration of the then current Term.

2. TRADEMARK LICENSE.
   2.1. During the Term, the CSAC FC hereby grants to CalTRUST a limited, non-exclusive, license and right to reproduce and use CSAC FC's name and logo in connection with the operation of CalTRUST and its programs. The Royalty Fees paid pursuant to this Agreement shall constitute the total amount of royalties due to CSAC FC for use of their names and logos pursuant to this license. The CSAC FC and CalTRUST agree that, to protect the parties' mutual interests in the goodwill and reputation represented by CSAC FC’s marks, CalTRUST and its contractors will only use CSAC FC's name and logo in accordance with the quality control standards and specifications set forth herein, which are consistent with past practice and CSAC FC's status and purpose, and the license may be terminated by CSAC FC for failure to comply with such standards and specifications upon (30) calendar days prior written notice to the CalTRUST;
provided, however, that such termination of the license shall not be effective if the failure to comply has been cured by CalTRUST prior to the expiration of the thirty (30) calendar day notice period. Neither CalTRUST nor its contractors shall use CSAC FC's name or logo in any manner which would disparage or tarnish or dilute the distinctive quality of these marks, or the reputation and goodwill embodied therein, or which would reflect adversely on CSAC FC or its marks, or any of CSAC FC's other products and services. All licensed use shall be in accordance with all applicable laws, rules and regulations.

2.2. CSAC FC agrees that it shall not license or otherwise permit their marks to be used by any other JPA or entity that competes with CalTRUST's services and programs that are being provided on the Effective Date of this Agreement. If a JPA or other entity makes any unauthorized use of CSAC FC's names or marks, CSAC FC shall within ten business days of either being notified, or otherwise having knowledge of such unauthorized use, send a cease and desist letter and take such other legal action as may be necessary to enjoin such unauthorized use.

3. SERVICES TO CalTRUST.

In furtherance of CSAC FC's mission and beliefs, CSAC FC agrees to provide certain services. CSAC FC shall meet regularly to determine an appropriate distribution of services provided to CalTRUST. Services to be provided include:

3.1. Use of Names and Logos. During the Term of this Agreement, CSAC FC agrees to allow the use of its names and logos consistent with the terms of the license contained in Section 2 of this Agreement, and to communicate the programs and services of CalTRUST through their existing communications tools with their members, special communications, annual and special conferences, and by providing any additional services that may be mutually agreed upon. CSAC FC shall perform these services: (a) in a professional manner; (b) in a commercially reasonable manner; (c) in accordance with all applicable laws, rules, and regulations; and (d) according to the terms of this Agreement. CSAC FC shall collaborate fully with the CalTRUST Board of Trustees and Executive Officer, regarding the status of the Services performed hereunder.

3.2. Administrative Services. CSAC FC shall, through the term of this Agreement, provide such administrative services at the direction of the CalTRUST Executive Officer and as specified herein. CSAC FC may, at its discretion, sub-contract any of the services to be provided to CalTRUST to other persons or entities, subject to the authorization of the CalTRUST Executive Officer, provided that such other persons or entities are sufficiently resourceful, experienced and qualified to fulfill the duties to be assigned, and that CSAC FC shall remain in all respects responsible for the due and proper performance by any such subcontractor. Such administrative services shall include:

3.2.1. Governance Services. CSAC FC shall assist CalTRUST in the provision of general secretarial services, including, but not limited to, keeping statutory books and records, convening meetings of the Members of CalTRUST, and meetings of the Boards of Trustees and Committees and preparing adequate documentation for such meetings.
3.2.2. Office space. CSAC FC shall be responsible for establishing and maintaining regular office space for the performance of CalTRUST duties and shall provide office space for the CalTRUST Executive Officer.

3.2.3. Disputes. CSAC FC shall provide general advice and assistance in the prosecution or defense of any and all legal proceedings by or against CalTRUST, on CalTRUST’s behalf and follow up the same in accordance with such instructions as shall be provided to CSAC FC in this respect by CalTRUST.

3.2.4. Marketing Services. CSAC FC shall provide assistance in the marketing of CalTRUST, including the identification of potential new Members and Participants, the identification of additional services to be provided by CalTRUST to its Members and Participants, and the provision of staff time to support marketing outreach efforts.

3.2.5. General Administrative Services. At the request of the CalTRUST Executive Officer, CSAC FC may provide additional general administrative services including but not limited to, accounting services, access to, retention of, and consolidation of information, and advice and assistance in the general administration and management of CalTRUST.

3.2.6. Member Services. CSAC FC shall provide staff services dedicated to CalTRUST to provide participant support services. The staff providing these services shall report directly to the CalTRUST Executive Officer.

3.2.7. Coordination with Other Representatives. CSAC FC shall coordinate any administrative or legislative services on behalf of CalTRUST as directed by the CalTRUST Executive Officer.

3.3. Other Duties as Deemed Beneficial. CSAC FC agrees to undertake any related or additional duties that would support the efforts of CalTRUST to provide public benefit to the cities, counties, other public agencies, and residents of California. The terms of and compensation for such additional duties shall be the subject of a separate agreement for supplemental services between or among the Parties.

3.4. Service Level. In performing Management and Administrative Services under this Agreement, the CSAC FC shall (i) act in accordance with CalTRUST’s JPA Agreement and other governing documents, and with the instructions and at the direction of CalTRUST, (ii) conform to and comply with the requirements of all applicable federal or state laws and regulations, and (iii) consult with legal counsel to and the independent public accountant for CalTRUST, as necessary and appropriate, on whose advice the CSAC FC shall be entitled to rely. Except as otherwise provided in this Agreement, the Management and Administrative Services hereunder shall be limited to those specific administrative and operational duties specified herein.

4. Personnel.
4.1. All personnel furnished by the CSAC FC to perform services on behalf of CalTRUST pursuant to the provisions of this Agreement shall continue to be employees of CSAC FC and shall at all times be subject to the direct supervision and control of the CSAC FC. The CSAC FC will have the sole responsibility of paying all salaries, taxes (including, but not limited to federal social security taxes and California unemployment taxes), and all other expenses including the costs of retirement and health benefits provided by the CSAC FC to its employees unless otherwise specified in a separate agreement. CSAC FC’s employees will function under the CSAC FC’s approved Employee Handbook.

4.2. The CSAC FC and CalTRUST hereby agree that at all times during the term of this Agreement, the CSAC FC’s employees hired to perform services for the benefit of CalTRUST pursuant to this Agreement are independent contractors with respect to CalTRUST. Under no circumstances shall the CSAC FC or the CSAC FC’s employees working on the premises be considered agents or employees of CalTRUST. CSAC FC acknowledges that its agents and employees are not entitled to workers’ compensation benefits from CalTRUST should any of the CSAC FC’s employees sustain an injury in the course of performing services specified in this Agreement.

4.3. The CSAC FC may from time to time retain as an independent contractor such person or persons as the CSAC FC may deem particularly suited to assist it in performing the Administrative Services.

5. Independent Contractor.

The Parties agree that at all times during the term of this Agreement CSAC FC, CSAC FC’s employees and agents hired to perform services pursuant to this Agreement are independent contractors and are not agents or employees of CalTRUST. CSAC FC shall have control over the means, methods, techniques, sequences, and procedures for performing and coordinating the Administrative Services required by this Agreement. CalTRUST shall have the right to control CSAC FC only insofar as the result of CSAC FC’s services rendered pursuant to this Agreement. If, in the performance of this Agreement, any third parties are employed or contracted by CSAC FC, such employees or subcontractors shall be entirely and exclusively under the direction, supervision and control of the CSAC FC. All terms of employment, including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or contract shall be determined by the CSAC FC, and CalTRUST shall have no right or authority over such persons or the terms of their employment or contract.

6. ROYALTY AND SERVICES FEE.

CalTRUST shall pay CSAC FC a Royalty and Services Fee to compensate CSAC FC for the intellectual property and related services as provided for in Sections 2 and 3 of this Agreement. The Fee shall be as follows:

6.1. CALTRUST shall pay CSAC FC 0.0225% (2.25 basis points) of all assets under management as a Royalty Fee and Administrative Services Fee. The Fee shall be computed on the sum of the total average daily net assets of all CalTRUST funds at the end of each month during the term of this Agreement, and shall be payable monthly in arrears by the 15th Business Day of each month.
6.2. There shall be a review of the fees on or after July 1, 2024 for the purposes of determining whether the fee structure should be adjusted to more accurately reflect the level of services provided. If, after reviewing the fee structure, it is determined that a fee adjustment is necessary or appropriate, a change of the fees may occur upon approval of both parties.

7. **CalTrust Budget.**

CalTrust's operations are paid by fees from Participants that invest public funds and conduct other cash management related business subject to state and local regulation. Each fiscal year, CALTRUST shall submit a copy of their operating budget to CSAC FC.

8. **Termination.**

This Agreement shall continue in full force until terminated in accordance with the provisions of this Agreement. On or after June 30, 2029, each Party may terminate this Agreement for any reason or no reason at all upon written notice to the other Party.

8.1. Should either party wish to terminate the Royalty portion of this agreement, as outlined in Sections 2, 3.1, and 6.1, prior to June 30, 2029, written notice must be given eighteen (18) months prior to the effective termination date. At such point a new agreement for administrative services shall be executed.

8.2. Should either party wish to terminate the Services portion of this agreement, as outlined in Sections 3.2 and 6.2, prior to June 30, 2029, written notice must be given six (6) months prior to the effective termination date. At such point a new agreement for royalty services shall be executed.

8.3. If there is any material breach of this Agreement by one Party, the other Party may (reserving cumulatively all other remedies and rights under this Agreement and in law and in equity) terminate this Agreement by giving sixty (60) calendar days prior written notice to the breaching Party, and the Term shall end; provided, however, that such termination shall not be effective if the breach has been cured prior to the expiration of the sixty (60) calendar day notice period or within such longer cure period (not to exceed one hundred eighty (180) calendar days) as is reasonably necessary to cure the breach so long as the breaching Party is diligently proceeding to cure.

8.4. Upon termination or expiration of this Agreement, CSAC FC shall receive all accrued, unpaid Fees to which they are entitled under this Agreement as of the effective date of such termination or expiration. This final payment shall be made within 120 days of such termination or expiration.

9. **Indemnification.**

9.1. CSAC FC hereby agrees to indemnify, defend and hold harmless CalTrust and its Members, Participants, officers, employees, agents, and representatives ("representatives") from and against any and all third-party causes of action, liabilities, claims, losses, costs, damages, and expenses (including reasonable attorneys' fees and legal costs, which shall be reimbursed as incurred) arising from or relating to or based on any of the following: (a) any breach by CSAC FC
of their obligations, representations, warranties, or covenants contained in this Agreement, or (b) CSAC FC’s negligence, willful misconduct, or fraud, except to the extent such causes of action, liabilities, claims, costs, damages, and expenses arise from a breach by CalTRUST of any of its obligations, representations, warranties, or covenants herein or any act or omission of CalTRUST. CSAC FC shall only be responsible under this subsection for the acts or omissions of their respective representatives.

9.2. CalTRUST hereby agrees to indemnify, defend, and hold harmless CSAC FC and their representatives from and against any and all third-party causes of action, liabilities, claims, losses, costs, damages, and expenses (including reasonable attorneys’ fees and legal costs, which shall be reimbursed as incurred) arising from or relating to or based on any of the following: (a) any breach by CalTRUST of its obligations, representations, warranties, or covenants contained in this Agreement, or (b) CalTRUST’s negligence, willful misconduct, or fraud; except to the extent such causes of action, liabilities, claims, costs, damages, and expenses arise from a breach by CSAC FC of any of their obligations, representations, warranties, or covenants herein or any act or omission of CSAC FC.

9.3. The Party providing the indemnity and defense pursuant to this Agreement shall have the right to: (a) employ attorneys to institute or defend any claim, which attorneys must be reasonably acceptable to the other Party, (b) take any other reasonably appropriate steps to protect all rights and interests at issue; or (c) settle, compromise in good faith, or in any other manner dispose of any claim and satisfy any judgment that may be rendered, except that no compromise, settlement, or disposition of any such claim may be effected or committed by the indemnifying Party without the prior written consent of the indemnified Party, which consent may not be unreasonably withheld or delayed. The indemnified Party shall have the right to participate in the defense of any such claim. If the indemnifying Party does not commence the defense of any claim promptly following written notice thereof, the indemnified Party shall have the right to retain separate counsel to represent its interests at the sole cost and expense of the indemnifying Party.

9.4. The indemnification provisions of this Section 9 shall survive the termination of this Agreement.

10. JPA AGREEMENT AND INFORMATION STATEMENT: CONFLICTS.

The parties acknowledge receipt of CalTRUST's Joint Exercise of Powers Agreement and Information Statement. The CSAC FC agrees that CalTRUST's obligations under this Agreement shall be limited to CalTRUST and its assets, and that the CSAC FC shall not seek satisfaction of any such obligation from any Member or Participant or its Shares nor from any Trustee, officer, employee or agent of CalTRUST. Nothing herein shall be deemed to require CalTRUST to take any action contrary to the Joint Exercise of Powers Agreement or any applicable statute or regulation, or to relieve or deprive Trustees of their responsibility for and control of the conduct of the affairs of CalTRUST. In the event of any conflict between the provisions of this Agreement and the provisions of CalTRUST's Joint Exercise of Powers Agreement, which cannot be harmonized or reconciled, the provisions of CalTRUST's Joint Exercise of Powers Agreement shall govern.
11. GOVERNING LAW AND DISPUTE RESOLUTION.
   This Agreement will be governed by and interpreted in accordance with the laws of the
   State of California without regard to any conflict of laws principles.

12. ASSIGNMENT.
   No Party may assign any of its rights or obligations hereunder, whether by operation of
   law or otherwise, without the prior written consent of the other Parties (not to be
   unreasonably withheld). This Agreement will be binding upon and will inure to the
   benefit of a Party’s permitted successors and assigns.

13. INTERPRETATION OF HEADINGS.
   The headings used in this Agreement are included for convenience only and in no way
   define or delimit any of the provisions hereof or otherwise affect their construction or
   effect. As used herein, words describing the singular number shall include the plural
   and vice versa, words denoting any gender shall include all genders, and the word
   "person" shall include individual, corporation, limited liability company, partnership
   (limited or general), joint venture, association, trust or other entity.

14. NON-LIABILITY OF MEMBERS AND PARTICIPANTS.
   The parties to this Agreement agree that the liabilities of CalTRUST under this
   Agreement are solely those of CalTRUST and its assets and property. Members and
   Participants of CalTRUST shall have no liability for the obligations and responsibilities
   of CalTRUST specified in this Agreement.

15. ATTORNEYS’ FEES.
   In the event of litigation between the parties arising out of this Agreement, the
   prevailing or innocent party shall be entitled to an award of reasonable attorneys’ fees
   from the other party in an amount sufficient to compensate the prevailing party for all
   attorneys’ fees incurred in good faith.

16. SEVERABILITY.
   If any provision of this Agreement is held unlawful or invalid by court or administrative
   decision, it shall be deemed severable and such unlawfulness or invalidity shall not in
   any way affect any other provision of this Agreement that can be given effect without
   the unlawful or invalid provision.

17. WAIVER.
   Any failure of a Party to enforce, for any period of time, any of the provisions under this
   Agreement shall not be construed as a waiver of such provisions or of the right of said
   Party thereafter to enforce each and every provision under this Agreement.

18. COUNTERPARTS.
   This Agreement may be executed in two or more counterparts, each of which, when so
   executed, shall be deemed an original, but all of which counterparts together shall
   constitute one and the same document.
19. ENTIRE AGREEMENT; AMENDMENTS.

This Agreement constitutes the entire understanding and agreement of the Parties respecting the subject matter of this Agreement and no modification, change, or amendment of this Agreement shall be binding upon the Parties, except by mutual express consent in writing of subsequent date duly signed by the authorized representatives of each of the Parties. Each party to this Agreement acknowledges that no representations or promises have been made by any party hereto which are not embodied herein, and that no other agreement or promise not contained in this Agreement shall be valid or binding.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date by their duly authorized representatives as set forth below.

CSAC Finance Corporation

Signed

Alan Fernandes, CEO

Printed Name & Title

Date 5/24/19

Investment Trust of California

Signed

John Colville, President

Printed Name & Title

Date 5/24/19
Agenda Item: 6. CalTRUST Organizational Structure

Presented By: Laura Labanieh

BACKGROUND:
It has been over two years now since CalTRUST took steps towards independence and a direct, independent staffing model is the natural next step for the organization. In the hiring of a full-time Chief Executive Officer, a three-year timeline was informally set to have CalTRUST set-up for hiring direct employees by the three-year limit placed on the Executive Staffing Agreement. As we are about to enter that third year, it seems logical that now is the time to consider moving forward.

I have been in discussion with CSAC Finance Corporation CEO Alan Fernandes, who is supportive of CalTRUST progressing to this next step and adjusting the nature of the relationship between the two organizations.

Additional information for a proposed structure will be presented for discussion and feedback.

RECOMMENDATION:
This item is for discussion and no action is requested.