



## NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Board of Trustees of CalTRUST will be held remotely on November 5, 2021 at 9:00am.

Zoom Meeting Link: <https://us02web.zoom.us/j/9167456701>

Public Conference Call Access: (669) 900-6833 Access Code: 916 745 6701

**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.*

### November 5, 2021 AGENDA

9:00 a.m.      **Presiding: John Colville**

1.      **Roll Call**

\_\_\_\_\_ John Colville - **President**  
\_\_\_\_\_ Don Kent - **Secretary**  
\_\_\_\_\_ Mary Zeeb - **Treasurer**  
\_\_\_\_\_ Chuck Lomeli  
\_\_\_\_\_ Brian Mayhew  
\_\_\_\_\_ Dan McAllister  
\_\_\_\_\_ 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 CalTRUST Board Meetings**

*Laura Labanieh – ACTION ITEM*

- a. September 15, 2021
- b. September 20, 2021

4.      **CEO Update**

*Laura Labanieh*

5.      **Introduction of New CalTRUST Staff**

*Laura Labanieh, Todd Winslow, & Nicole Zajic*

6. **Consider Revised Liquidity Fund Fee Waiver Policy**  
*Laura Labanieh & Ron Hill - ACTION ITEM*
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 CalTRUST Board Meetings  
Action Item**

**Presented By:** Laura Labanieh

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**BACKGROUND:**

Following are the Minutes of the CalTRUST Board of Trustees Meetings of September 15 and September 20, 2021.

**RECOMMENDATION:**

It is recommended that the Board approve the CalTRUST Board of Trustees Meeting Minutes of September 15 and September 20, 2021.



## CalTRUST Board of Trustees Meeting

September 15, 2021  
San Diego

### MINUTES

The meeting was called to order by President Colville at 9:05 a.m.

#### 1. Roll Call

- John Colville (*President*), City of Sacramento
- Don Kent (*Secretary*), Riverside County (*via Zoom*)
- Mary Zeeb (*Treasurer*), Monterey County (*via Zoom*)
- Chuck Lomeli, Solano County
- Brian Mayhew, Bay Area Toll Authority
- Dan McAllister, San Diego County
- Bobbie Ormonde, Westlands Water District (*via Zoom*)

#### Attendees:

Tim Banach	US Bank
Laura Labanieh	CalTRUST
Ian Martin	Ultimus Fund Solutions
Katie Yockey	Ultimus Fund Solutions

#### Attendees via Zoom:

Akiva Dickstein	BlackRock
Ashley Green	Brown Armstrong
Ron Hill	BlackRock
Ed Ingold	BlackRock
Paul Kline	BlackRock
Ludwig Marek	BlackRock
Alina Vandermade	Brown Armstrong
Rick Wood	California Special Districts Association
Sendy Young	CSAC Finance Corporation

#### 2. Welcome and Introduction of Attendees

President Colville welcomed all participants and thanked them for their attendance. In-person attendees proceeded with self-introductions. CEO Labanieh introduced all Zoom participants.

#### 3. Public Comment

There was no public comment.

**4. Consider CalTRUST FYE 21 Audit**

The CalTRUST FYE 21 Audit was completed and issued on September 8, 2021. The audit received a clean/unqualified opinion with no adjustments.

The Board accepted the CalTRUST FYE 21 Audit as presented.

*Motion: B. Mayhew*

*Second: D. McAllister*

*Approved by roll-call vote.*

**5. CEO Update**

CEO Labanieh reported that she will be working with an attorney to do a full review of the Joint Powers Agreement. As part of this review, a set of bylaws may be established alongside the JPA. The Information Statement is still under review as priorities have had to shift over the last couple of weeks and she did not want to rush the document.

She has been preparing for the transition away from CSAC FC administration. CalTRUST now has its own P.O. Box number and phone numbers. She has been working on staff recruitment and has identified top-notch candidates for each position.

**6. Consider Minutes of the June 24, 2021 Board Meeting**

The Board approved the minutes of the June 24, 2021 board meeting as presented.

*Motion: D. McAllister*

*Second: J. Colville*

*Approved by roll-call vote.*

**7. Investment, Market, & Portfolio Strategy Update & Review**

BlackRock staff gave a detailed overview of the current market conditions and reviewed the position, performance, and strategy of the CalTRUST funds. The portfolio managers are strategically adjusting the exposure to BBB securities to ensure that fund ratings aren't downgraded to AAF- and that CalTRUST is never in a position to have to force sell.

**8. Consider Liquidity Fund Yield Floor**

The Board took no action on this item. The item will be brought back for consideration at a future meeting. CEO Labanieh will work with BlackRock on revising the Fee Waiver Policy to bring back to the Board at the next meeting.

**9. Consider Revised Investment Policy**

CEO Labanieh reviewed the changes made in the revised Investment Policy. The Investment Committee met, along with BlackRock's Ludwig Marek, to review, discuss, and provide feedback on the draft updates. Additional changes were recommended by both Marek and Trustee Brian Mayhew including adding SOFR to the glossary, instituting monthly holding reviews by management, and clarifying that management is responsible for the creation and administration of internal controls.

The Board adopted the revised Investment Policy with the recommended additions.

*Motion: J. Colville*

*Second: C. Lomeli*

*Approved by roll-call vote.*

**10. Ultimus Update**

Katie Yockey and Ian Martin reported no operational issues and the ongoing successful business continuity during COVID. Ultimus assisted Brown Armstrong with the audit and confirmed that from their perspective the audit team was great to work with. It has been over two years since the Gemini acquisition and merger with Ultimus and there has been extensive growth. Their transfer agent business has almost doubled their staff size. CalTRUST staff has reached out individually to all agencies that utilize the manual transaction form to provide information and to conduct individual trainings on the online trading platform.

**11. US Bank Update**

Tim Banach, reported no changes or operational issues. He informed the Board that the Union Bank trust/custody acquisition is complete. In addition, the US Bank acquisition of PFM Asset Management will be completed in December. He clarified that the acquisition is only of their asset management business and not their advisory services and that PFM Asset Management will remain a standalone entity, owned by US Bank. The acquisition will have no effect on CalTRUST.

**12. Shareholders Services & Outreach Update**

CEO Labanieh reported that three new participants joined in the last month including El Dorado County, San Bernardino County, and CSU Channel Islands. The Market Risk and the Current Environment webinar was held earlier this month, attracting 65 registrants and 48 actual attendees. The next two webinars will include one focused on the impact of higher rates on fixed income securities and funds that invest in fixed income securities and another Coffee with CalTRUST.

**13. Consider Revised FY 21-22 Budget**

The Board adopted the revised budget for FY 21-22. CEO Labanieh will work with Brown Armstrong to include the operations component in next year's audit.

*Motion: C. Lomeli*

*Second: J. Colville*

*Absent: D. McAllister*

*Approved by roll-call vote.*

**14. Consider CalTRUST Benefits & Personnel Policies**

The Board authorized CEO Labanieh to complete necessary applications and enter into necessary agreements to establish CalTRUST benefits and employee programs, including workers' compensation, medical, dental, vision, group life, short- and long-term disability insurances, employee assistance program, a flexible spending account, and 401A/457 plans. It also authorized the establishment of an Ad Hoc Retirement Benefits Committee.

*Motion: C. Lomeli*

*Second: B. Mayhew*

*Absent: D. McAllister*

*Approved by roll-call vote.*

The Board requested additional time to review the Personnel Policies and have further discussion. No action was taken on the policies.

A follow-up Board Meeting was scheduled for Monday, September 20, 2021 at 4:00 p.m.

**15. Nominating Committee Update**

The Nominating Committee decided not to move forward with Matt McCue's request for reappointment to the CalTRUST Board of Trustees. If he begins working with an agency that is a CalTRUST shareholder and still has interest, the request may be reconsidered.

**16. Product Review Committee Update & Discussion**

The Board deferred the issuance of a Fund Accounting RFP.

The Board discussed that, at this time, there was not a desire to move forward with endorsement relationships. Staff will discuss with legal counsel if such relationships would even be permissible per the Joint Powers Agreement.

**17. Other Business**

There was no other business.

**18. Adjourn**

The meeting was adjourned at 2:40 p.m.



**CalTRUST Board of Trustees Meeting**

**September 20, 2021  
Teleconference**

**MINUTES**

The meeting was called to order by President Colville at 4:03 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:

Laura Labanieh                      CalTRUST

**2. Public Comment**

There was no public comment.

**3. Benefits Establishment Update**

CEO Labanieh updated the Board on the status of the applications for benefit programs per the Board authorization provided at the September 15, 2021 Board of Trustees meeting. She provided a review of the recommended benefit plans and the associated cost estimates.

**4. Closed Session: Labor Negotiations (§54957.6): CalTRUST New Hires**

The Board approved a *Work Schedules and Payroll Procedures Policy* subject to legal review and further changes per legal counsel.

*Motion: C. Lomeli*

*Second: J. Colville*

*Approved by roll-call vote.*

The Board approved an *Employee Conduct and Responsibility Policy* subject to legal review and further changes per legal counsel.

*Motion: C. Lomeli*

*Second: J. Colville*

*Approved by roll-call vote.*



The Board approved a *COVID 19 Vaccination Policy* requiring that all new employees be fully vaccinated and provide proof of vaccination.

***Motion: J. Colville***

***Second: M. Zeeb***

***Approved by roll-call vote.***

The Board approved an *Employee Benefits Policy* subject to legal review and further changes per legal counsel.

***Motion: C. Lomeli***

***Second: J. Colville***

***Absent: B. Mayhew***

***Approved by roll-call vote.***

**5. Other Business**

The amended provisions of the Brown Act during a state of emergency have been extended until January 1, 2024, per AB 361. The COVID pandemic is an applicable state of emergency.

The Liquidity Fund average gross yield for the first half of September that was reported at the September 15<sup>th</sup> meeting was understated due to inaccurate reporting by Ultimus. The report has been corrected and the average gross yield was 9.7 bps as of Friday, September 17<sup>th</sup>.

**6. Adjourn**

The meeting was adjourned at 6:40 p.m.



**Agenda Item: 5. Introduction of New CalTRUST Staff  
Information Item**

**Presented By:** Laura Labanieh, Todd Winslow, & Nicole Zajic

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**BACKGROUND:**

CalTRUST's two newest staff members, Todd Winslow and Nicole Zajic, started on October 18, 2021. They both come with extensive backgrounds in local government and communications. The energy and new ideas they bring to CalTRUST are already palpable.

**Todd Winslow**

*Outreach & Relationship Manager*

Todd has extensive experience in identifying target audiences among local governments and working with various associations throughout California. With over 20 years of experience, he has worked in areas ranging from strategic planning, communication, marketing, design, and user experience.

For nearly the past two decades, Todd has helped expand communications for associations like CASA, CMTA, CAJPA, and CSMFO – working with them in various capacities, such as consultant, art director, brand manager, or production designer and providing a high level of quality, positive perception, and value among those memberships. Transitioning away from freelance work a few years ago, Todd was able to put these entities in a position to carry forward suggestions, influences, and design products well into the future.

In 2000, Todd was the fourth staff member hired as receptionist/communication coordinator for the California Special Districts Association. During his tenure there, he gained expansive knowledge and experience in the world of local government, and was a pivotal component in the growth of the association with regard to communication, marketing, professional quality messaging, user experience, and value based perception. Prior to leaving to pursue new opportunities, the association saw member growth double, professional development greatly expand, and revenue increase.

In his spare time, Todd enjoys spending time with family, watching football, going on hikes or walks with family and dogs, practicing yoga, and working out.

**Nicole Zajic**

*Executive & Shareholder Services Assistant*

Nicole joins us most recently from Stitch Fix, where she worked as a Stylist Ambassador, a position that bridges the client experience with new HQ initiatives and pilots. Prior to her time there, she worked for over 10 years at the California Special Districts Association, in the communications department. She has extensive experience in client/member services and looks forward to bringing that into her role with our shareholders, board, and partners.

She lives in Sacramento with her husband and 3-year-old son and their two dogs.

**RECOMMENDATION:**

Information only.



**Agenda Item: 6. Consider Revised Liquidity Fund Fee Waiver Policy  
Action Item**

**Presented By:** Laura Labanieh & Ron Hill

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**BACKGROUND:**

As previously discussed, the existing CalTRUST Liquidity Fund Fee Waiver Policy needs to be expanded to provide for deeper waivers. Additionally, the way the existing policy was written, certain waiver levels were getting skipped as it was based on the tiered investment advisory fee schedule (ie: with only \$150 million in the Liquidity Fund the *Decrease Advisory Fees on 200-500 Mil to 3 bps* tier was not put into effect) and assets in the fund are lower than when the policy was first written.

BlackRock has graciously offered to flatten their fees on the Liquidity Fund to 2 bps in order to allow for a revised CalTRUST Liquidity Fee Waiver Policy that is both less complex and allows for the waivers to go deeper. Whereas the existing fee waiver policy takes fees as low as 10 bps, the revised policy proposed today takes fees as low as 5 bps.

Following, you will find the existing Liquidity Fund Fee Waiver Policy as well as the proposed revised policy. Two scenarios are presented in the revised policy to account for the change in the CSAC Finance Corporation and CalTRUST Operating Fee structure that will take effect on January 1, 2022.

**RECOMMENDATION:**

It is recommended that the Board approve the revised CalTRUST Liquidity Fund Fee Waiver Policy, effective as of October 1, 2021.



## 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.



## CalTRUST Policies and Procedures Liquidity Fund Fee Waiver

Should the net yield of the CalTRUST Liquidity Fund drop below the yield floor designated by the CalTRUST Board of Trustees (currently 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 the designated yield floor. 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 designated net yield floor until all waivers are removed.

### October – December 2021

#### **Waiver 1**

**Action:** Decrease Advisory Fees to 2 bps.

#### **Waiver 2**

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

#### **Waiver 3**

**Action:** Decrease CSAC FC Fees to 1.5 bps.

#### **Waiver 4**

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

#### **Waiver 5**

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

#### **Waiver 6**

**Action:** Decrease CSAC FC Fees to 1.25 bps.

#### **Waiver 7**

**Action:** Decrease Operating Fees to 2 bps.

#### **Waiver 8**

**Action:** Decrease CSAC FC Fees to .75 bps.

#### **Waiver 9**

**Action:** Decrease Fund Accounting Fees to .75 bps.

#### **Waiver 10**

**Action:** Decrease Operating Fees to 1 bp.

### Starting January 2022

#### **Waiver 1**

**Action:** Decrease Advisory Fees to 2 bps.

#### **Waiver 2**

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

#### **Waiver 3**

**Action:** Decrease CSAC FC Fees to .5 bps.

#### **Waiver 4**

**Action:** Decrease Operating Fees to 3 bps.  
Discontinue Sponsor Fee Payments.

#### **Waiver 5**

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

#### **Waiver 6**

**Action:** Decrease CSAC FC Fees to .25 bps.

#### **Waiver 7**

**Action:** Decrease Operating Fees to 2.5 bps.

#### **Waiver 8**

**Action:** Decrease Fund Accounting Fees to .75 bps.

#### **Waiver 9**

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