



## **Investment Trust of California (CalTRUST)**

### **Request for Proposal for Fund Accounting Services**

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#### **I. Introduction**

The Investment Trust of California (CalTRUST) is seeking proposals to provide fund accounting services. The initial term of the agreement for services will be for between three and five years with optional one-year extensions. It is CalTRUST policy to issue an RFP for a service at least once every seven years. The last time an RFP for this service was issued was in 2019. However, due to COVID preventing the ability to do proper due diligence visits and making it a difficult time to consider any changes, the RFP process was cancelled.

A separate RFP with the same timeline has also been released for Transfer Agent services. We welcome respondents to respond to either just one or both RFPs.

CalTRUST is a joint powers authority (JPA as defined in California Government Code 6500) and was created to provide a convenient method for California public agencies to pool their assets for investment. Public agencies can invest with CalTRUST directly, without the need for a city council or board resolution to join the JPA. Any California local agency may participate in CalTRUST. There are currently 25 JPA members out of 140 distinct actively participating public agencies with assets currently in the program. As of February 1, 2022 there is \$ 2,475,601,175 in assets.

CalTRUST is governed by a Board of Trustees comprised of local treasurers and investment officers. The Board sets overall policy for CalTRUST, and selects and supervises the activities of the Chief Executive Officer, Fund Accountant, Custody Provider, Investment Manager and other agents. Current service providers include BlackRock as the Investment Manager, U.S. Bank as the Custodian, and Ultimus Fund Solutions as the Fund Accountant.

CalTRUST offers five fund options – Government Money Market, ESG Money Market, Liquidity, Short-Term, and Medium-Term funds. Participants can select an account

option which matches their investment time horizon and cash flow needs and easily reallocate among accounts as those needs change. Each of the accounts seeks to attain as high a level of current income as is consistent with the preservation of principal by investing only in high-quality, fixed-income securities. All CalTRUST accounts comply with the limits and restrictions placed on local investments by California statutes; no leverage is permitted in any of the CalTRUST accounts.

CalTRUST governing documents, including the Joint Exercise of Powers Agreement, the Information Statement, and the Investment Policy, can be found at <https://caltrust.org/resources/>.

## II. Timeline

RFP Release Date:	March 21, 2022
Questions Due:	March 28, 2022
Responses to Questions Posted:	April 4, 2022 (posted to <a href="https://caltrust.org/rfps/">https://caltrust.org/rfps/</a> )
Proposals Due:	April 29, 2022
Interviews/Due Diligence Visits:	Late May or Early June 2022
Selection by Board:	June 2022
Anticipated Conversion Date:	October 2022

## III. Contact Information

Proposals and questions shall be submitted *electronically* by the aforementioned deadlines as well as **5 hardcopies of your proposal to:**

Laura Labanieh  
Chief Executive Officer  
CalTRUST  
PO Box 2709  
Granite Bay, CA 95746  
Email: [laura@caltrust.org](mailto:laura@caltrust.org)

***Electronic proposals MUST be received by 5pm on April 29, 2022. The hardcopy proposals must be delivered by 10:00am on May 3, 2022.***

#### **IV. Scope of Services**

The Fund Accounting Administrator (Administrator) shall compute the net asset value per share of each portfolio of CalTRUST (Portfolio) and shall value the securities held by each Portfolio (the Securities) at such times and dates and in the manner described below. The Administrator shall advise CalTRUST and CalTRUST's Investment Manager of the net asset value of each Portfolio upon completion of the computations required to be made by the Administrator.

##### **Accounting Services**

1. For each valuation date and consistent with written instructions from CalTRUST, obtain prices from a pricing source(s) approved by CalTRUST and apply those prices to the portfolio positions. For those securities where market quotations are not readily available, CalTRUST shall approve, in good faith, the method for determining the fair market value for such securities. For purposes hereof, "valuation date" shall mean each business day the New York Stock Exchange is open for business.
2. Identify interest and dividend accrual balances as of each valuation date and calculate gross earnings on investments for the accounting period.
3. Account for periodic distributions of gain to CalTRUST and maintain undistributed gain or loss balances as of each valuation date.

##### **Expense Accrual and Payment Services**

4. For each valuation date, calculate the expense accrual amounts as directed by CalTRUST as to methodology, rate, or dollar amount.
5. Issue payments for Portfolio expenses, if applicable, upon receipt of funds from each Portfolio's Custodian.
6. Account for Portfolio expenditures and maintain expense accrual balances at the level of accounting detail specified by CalTRUST.
7. Support periodic expense accrual review, i.e., comparison of actual expense activity versus accrual amounts.
8. Provide expense accrual and payment reporting.

##### **Valuation and Financial Reporting Services**

9. Account for CalTRUST share purchases, sales, exchanges, transfers, dividend reinvestments, and other portfolio share activity as reported by CalTRUST on a daily basis.
10. Determine net investment income (earnings) for CalTRUST as of each valuation date. Account for periodic distributions of earnings to CalTRUST and maintain undistributed net investment income balances as of each valuation date.
11. Maintain a general ledger for CalTRUST in a form reasonably prescribed by CalTRUST and produce a set of financial statements as may be agreed upon from time to time as of each valuation date.

12. For each Day CalTRUST is opened for business, determine the net asset value of CalTRUST according to the accounting policies and procedures set forth by CalTRUST.
13. Calculate per share the net asset value, per share net earnings, and other per share amounts reflective of CalTRUST's operation at such time as required by the nature and characteristics of CalTRUST. Perform the calculations using the number of shares outstanding reported by CalTRUST to be applicable at the time of calculation.
14. Provide to CalTRUST or its designee closing net asset value, dividend and capital gain information, on a per unit basis as soon as reasonably practical after the close of trading each business day and use commercially reasonable efforts to make such information available.
15. Communicate, at an agreed upon time, the per share price for each valuation date to other parties as agreed upon from time to time.
16. Prepare reports that document the adequacy of accounting detail to support month-end ledger balances.
17. Deliver statements and such other reports and information as may be reasonably requested by CalTRUST. This includes reports and information to support the CalTRUST annual audit.
18. Ensure access to applicable benchmark data for all CalTRUST mandates and have the capability to produced accurate and on time client reporting.
19. Provide CalTRUST and its participants performance, holdings, risk, and rating data for each CalTRUST fund relative to the fund's benchmark (daily, monthly, quarterly and as needed).
20. Support the data requirements for weekly surveillance reports required by Nationally Recognized Statistical Rating Organization.

#### **Tax Account Services**

21. Maintain normal and customary tax accounting records for CalTRUST's investment portfolio so as to support tax reporting requirements.
22. Maintain tax lot detail for the investment portfolios.
23. Calculate taxable gain/loss on security sales using the tax cost basis selected in advance by CalTRUST.
24. Report the taxable components of income and capital gains distributions to CalTRUST to support tax reporting to the members.

#### **Compliance Control Services**

25. Maintain normal customary accounting records in connection with the Administrator's duties as specified to support compliance monitoring by CalTRUST.
26. Support financial statement preparation by making CalTRUST's fund accounting records available to CalTRUST and the outside auditors.

### **Registration Services**

27. Assist CalTRUST's legal counsel, as may be requested, with the preparation of all reports and filings required to maintain the registration and qualifications of CalTRUST under federal and state securities laws.
28. Assist CalTRUST's legal counsel, as may be requested, with the preparation of periodic regulatory filings.

### **Member Recordkeeping and Support Services**

29. Prepare and maintain a year-to-date confirmation and statement as each transaction is recorded in CalTRUST's account.
30. Provide daily and monthly reconciliation of cash and investment book balances to the relevant bank and/or custodial statements of CalTRUST shares. Monthly reconciliation schedules with full documentation of reconciling items must be provided to CalTRUST for review and approval no later than five business days after each month-end.
31. Provide readily obtainable data that may be requested for audit purposes.
32. Prepare and mail regular valuation reports to CalTRUST as requested.
33. Develop an internet site for access to CalTRUST's basic accounting and recordkeeping information and for online trading functions. The type of information on the internet site will be jointly developed with CalTRUST.
34. All fund accounting work must be performed in accordance with generally accepted accounting principles.

## **V. Proposal Questionnaire**

### **General Overview**

1. Provide a complete overview of the government fund accounting services provided by your firm.
2. Provide your firm's organizational structure for fund accounting services. Include the number of staff, average tenure, and turnover rate.
3. Provide the organizational chart and biographies of the team that would be assigned to our account as well as their location. How much involvement will we have in selecting key members who service our account?
4. Describe the types of funds your firm provides fund accounting services on behalf of?
5. Discuss how issues and problems are escalated within your organization.
6. What fund accounting system does your firm currently utilize? Describe how your fund accounting systems integrate with other various government fund

processing systems / operational areas including but not limited to custody and the investment manager. Custody and investment management services currently provided by U.S. Bank and BlackRock, respectively.

7. Describe your firm's options for statements including standard and customized reports. Discuss available delivery methods. Provide sample statement and discuss customization options.
8. Describe your firm's policies, procedures, and controls for processing corporate actions and class actions. Describe the timing, method and medium in which corporate actions and class actions are communicated to custody and portfolio managers.
9. Describe your firm's procedures for trade processing, affirmation, and settlements for shareholders/for the fund.
10. What is your policy for reimbursing investors when you have an operational error?
11. Discuss your firm's willingness and capability to complete the items outlined in the Scope of Services section of this RFP.
12. Describe your firm's preferred method for receiving trade information. Also discuss alternative methods for receiving trade information.
13. Discuss your data security and disaster recovery plans.
14. Describe your firm's framework of internal controls. Describe how your firm maintains adequate separation of duties.
15. Please provide a copy of your Service Organization Controls (SOC) 1 report as an appendix. Were there any previous findings in your SOC that were not corrected?

### **Cost & References**

16. Provide a detailed fee schedule for your services. If you are responding to the Transfer Agent RFP as well, you may provide alternative fee schedules if there would be a reduction in the fee were your firm to be selected for both contracts.
17. Provide agency names, portfolio size, and contact information for three agencies for which you currently provide services. Public agency references preferred.