



Investment Trust of California (CalTRUST)

Request for Proposal for Custodial Services

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I. Introduction

The Investment Trust of California (CalTRUST) is seeking proposals to provide custodial services. The term of the agreement for services will be three years with four optional one-year extensions.

CalTRUST is formed as a joint powers authority (JPA) as defined in Government Code 6500 and was created to provide a convenient method for local agencies to pool their assets for investment. There is no requirement that a local agency become a JPA member. Local 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 approximately 150 distinct participating public agencies. As of July 11, 2024 there are \$4.1 billion 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. Currently, State Street Global Advisors is the Investment Manager, U.S. Bank is the Custodian, and Ultimus Fund Solutions is the Fund Accountant.

CalTRUST offers three fund options – Liquidity Fund, 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 seek 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 www.caltrust.org/site-page/resources.

II. Timeline

RFP Release Date: July 29, 2024
Questions Due: August 9, 2024
Responses to Questions Released: August 16, 2024
Proposals Due: August 23, 2024
Selection by Board: October 2024
Anticipated Start Date: December 2024

Interviews and /or due diligence visits may be scheduled in September.

III. Contact Information

Proposals and questions shall be submitted *electronically* by the aforementioned deadlines as well as **4 hardcopies of your proposal to:**

Laura Labanieh
CalTRUST
PO Box 2709
Granite Bay, CA 95746
Email: laura@caltrust.org

Electronic proposals MUST be received by 5pm on August 23, 2024. The hardcopy proposals must be delivered by August 27, 2024.

IV. Scope of Services

The Custodian shall be responsible for the safekeeping and custody of the Securities in the CalTRUST funds. The Custodian shall be responsible for conducting the purchase or sale of Securities when instructed by authorized parties.

Participants may deposit or withdraw assets from the Liquidity Fund an unlimited number of times on the same day with notice given by 12:15pm Pacific Time. Participants may deposit or withdraw assets from the Short-Term Fund and the Medium-Term Fund an unlimited number of times on one Business Day’s prior notice.

Investments shall be made by wire transfer to the custodian. Assets will be withdrawn from a fund by wire transfer. Participants have secure online access to their accounts and are provided with monthly statements.

V. Proposal Questionnaire

General Overview

1. Provide a complete overview of the government asset custody services provided by your firm. Discuss how significant government fund (or government related) custody is relative to total custody services provided.
2. Provide your firm's organizational structure for custody services. Include the number of staff, average tenure, and turnover rate.
3. Provide the organizational chart and biographies of the government fund custody team that would be assigned to our account. How much involvement will we have in selecting key custody services team members who service our account?
4. Describe your firm's approach to custody client services. Discuss how issues and problems are escalated within your organization.
5. Please list the hours (Pacific Time Zone) the Relationship Manager and Client Service Officers will be available. What is the typical response time (in hours) to both general questions and urgent problems presented by your clients?
6. Indicate if your firm has an established scorecard/performance measurement system in place for all Custody clients. Discuss your firm's commitment to quality control and customer service policies.
7. Provide an overview of your firm's custody system. Discuss system access and upload capabilities for clients. Include details regarding vendors, hardware, software, processing capabilities, integration, data storage, system security, and downtime statistics. Discuss notification procedures when the system goes down.
8. Describe how your custody systems integrate with other various government fund processing systems / operational areas including but not limited to fund accounting, transfer agency and the advisor. Discuss your process and timing of custody reconciliations.
9. Discuss your firm's commitment to quality control in the process of managing data within the fund custody system.
10. Describe your firm's custody report options, including standard and ad hoc reports. Discuss available delivery methods and report writer capabilities.

11. Describe your firm’s policies, procedures, and controls for processing corporate actions and class actions. Describe the timing, method and medium by which corporate actions and class actions are communicated to fund accountants and portfolio managers.
12. Describe your firm’s procedures for trade processing, affirmation, and settlements.
13. Describe your firm’s same-day trading procedures.
14. Describe your firm’s past due income monitoring, collecting, and reporting.
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? Describe your disaster recovery plan and results of tests performed in the past year. Provide an estimate of the maximum elapsed time before the restoration of processing of the Client’s transactions in the event of disaster to the custodian’s primary processing facility and the locations of redundant operation sites.
16. Please provide an overview of your firm’s commitment to cybersecurity and what cybersecurity measures are currently in place.
17. Please complete the following tables as of 7/1/24:

Type of Client	# of Clients	Market Value
Corporate Pension Funds		
Public Pension Funds		
Endowment & Foundations		
Taft-Hartley Funds		
TOTAL		

Public fund clients with aggregate market value as follows:

<\$100 million	
\$100 million - \$500 million	
\$500 million - \$1 billion	
\$1 billion - \$5 billion	
>\$5 billion	

Cash Management

18. List the cash management services your firm offers. Detail any automated sweep programs available for un-invested cash. Provide available investment alternatives.

19. Describe your firm's policies regarding overdrafts and associated charges. Describe your firm's available credit lines or your firm's policy on meeting shareholder/participant redemption requests while an investment in our fund may be pending settlement to meet the cash requirement for the redemption. Does your firm provide credits for positive balances?

Proxy Services

20. Describe your firm's proxy voting, reporting and disclosure services.

General Processing & Reconciliation

21. Discuss your firm's income reversal policy. Discuss your firm's capabilities for processing pay down type securities and reconciliation of original and current face for pay down type securities. Discuss your firm's processes, reporting, and reconciliation of income for floating rate securities.
22. Describe your firm's preferred method for receiving trade information. Also discuss alternative methods for receiving trade information.
23. Provide information on your primary and supplementary pricing sources and the mode of receipt and input of security prices. Describe your process for validating prices and using information from the supplemental sources.
24. How do you reconcile significant pricing differences between your pricing services and pricing quoted by external investment managers?
25. If a Client overdraws an account for an overnight investment, what is the rate at which the Client will be charged for using overnight bank funds?
26. What is the guaranteed earliest delivery date for end-of-month information? In what formats is it available? Detail when audited data will be available through both your online systems and in paper form. How soon after fiscal-year-end will annual audited statements be delivered?

Cost & References

27. Provide a detailed fee schedule for your services.
28. List clients lost during the last 24 months and the reason(s) for their departure.
29. Please provide agency names and contact information for three public agencies for which you currently provide custodial services.