



CalTRUST Board of Trustees Meeting
September 14, 2016
Biltmore Santa Barbara, Santa Barbara, CA

MINUTES

The meeting was called to order by President Lomeli at 8:30 a.m.

1. Roll Call

- Roll call list with names and titles: Charles Lomeli (President), Glenn Duncan (Vice President), John Colville (Secretary), Dan McAllister (Treasurer), Dave Ciapponi, Rod Dole, Don Kent, Geoffrey Kiehl, Brian Mayhew, Russell "Rusty" Watts, Mary Zeeb.

Other Attendees:

- List of other attendees and their affiliations: Matt Cate (California State Association of Counties), Lyle Defenbaugh (Wells Fargo Asset Management), Jim Erb (San Luis Obispo County), Alan Fernandes (CSAC Finance Corporation), Regina Kumar (CSAC Finance Corporation), Laura Labanieh (CSAC Finance Corporation), Neil McCormick (California Special Districts Association), Kip Meadows (Nottingham), Tony Melville (Wells Fargo Asset Management), Mike Rodgers (Wells Fargo Asset Management), Kyle Tanaka (CSAC Finance Corporation), Rick Wood (California Special Districts Association).

2. Welcome and Introductions

President Lomeli welcomed everyone and self-introductions ensued.

3. Consider Minutes of Annual Board Meeting of April 27, 2016

The Board approved the Minutes from the CalTRUST Annual Board Meeting of April 27, 2016.

Motion: D. McAllister

Second: R. Dole

Unanimously approved via roll-call vote.

4. CalTRUST Committees

Laura Labanieh discussed with the Board options for better utilizing the existing Committees. In addition to the outline as presented there was discussion on additional duties/structures for some of the Committees. The Budget & Audit Committee should also oversee the audit RFP per CalTRUST

policies and ensure that the full Board is able to provide budget feedback before each budget cycle. The Compliance Committee should regularly review existing CalTRUST policies and receive an update annually on any changes in law that would affect the JPA. Glenn Duncan will chair the Compliance Committee. The Ad Hoc Products Review Committee will become a standing committee tasked with reviewing current contracts and proposals when CalTRUST goes to RFP. It was requested that the entire Board receive notices for all Committee meetings.

5. Update on Audited Financial Statements for FY 15-16

The audited financial statements are taking longer to complete due to change in audit firms and new processes/requested information. Audited financial statements will be presented to the Board at a later date, upon their completion.

6. CalTRUST Budget Update

The CalTRUST Budget update was presented to the Board. The Board approved the recommendation and authorized the use of the excess reserves for rebranding and outreach activities.

Motion: D. McAllister

Second: D. Kent

Unanimously approved via roll-call vote.

7. Discussion of National Program

The Board received an update on the status of a new national program being created in the likeness of CalTRUST, GovPartners. As GovPartners is still in the process of being created and is not yet operational there was no action recommended of CalTRUST. Once GovPartners' formation has been finalized and is operational a special meeting of the CalTRUST board will be held to discuss potential partnership for CalTRUST.

8. Client Update & Marketing

Lyle Defenbaugh discussed current marketing efforts and highlighted growth in the medium-term fund. His efforts are largely focused working with Wells government bankers to help introduce CalTRUST to their clients. At the end of August, total assets were at \$2.46 million split 54% in the short-term fund, 37% in the medium-term fund, 2% in the government fund and 8% in the money market fund. By participant type, assets were split, 33% in cities, 23% in special districts, 19% in counties, and 24% in other agencies.

Kyle Tanaka was introduced as the new CSAC Finance Corporation Member Services Associate. At least 75% of Kyle's time will be focused on providing customer service to CalTRUST participants.

9. Nottingham Update

Kip Meadows reported that security continues to be a priority and they have adopted the NIST Cybersecurity Framework to help guide their security policies.

Since April 2016, Nottingham has processed 2,261 transactions totalling over \$250 million, including 58 transaction in the Government Fund, 307 transactions in the Money Market Fund, 1,021 transactions in the Short-Term Fund, and 875 transactions in the Medium-Term Fund.

Kip reported that there continues to be some issues with participants placing trades late in the day. He will work with the CalTRUST administrator on the feasibility of removing the DDA account or considering earlier cut-off times to ensure that there are no issues with trades.

10. Investment, Market & Portfolio Strategy Update & Review

Mike Rodgers and Tony Melville presented the Investment, Market & Portfolio Strategy Update and Review. For both the short- and medium-term accounts they reviewed performance against the benchmarks with the short-term account still outperforming LAIF and having a very attractive value proposition while the medium-term is again outperforming the Barclays Short Term Gov/Corp index. Net asset value (NAV) sensitivity was also reviewed and discussed with the Board as was the possibility of a negative rate-of-return and effects of the Brexit vote. The current investment strategy

was reviewed with no substantive changes suggested at this time.

11. Future Meetings

The 2017 Annual Meeting of the CalTRUST Board of Trustees will be held April 19th at the Clement Monterey. The 2017 Fall Meeting of the CalTRUST Board of Trustees will be held September 13th at the Biltmore Santa Barbara. The 2018 Annual Meeting of the CalTRUST Board of Trustees will be held April 28th at the Hyatt Indian Wells.

12. Other Business

Chuck Lomeli announced that he will be resigning his position of CalTRUST President at the CalTRUST annual meeting in April 2017. He will remain on the board as a Trustee.

Dan McAllister suggested that members of the State Association of County Retirement Systems (SACRS) be targeted as potential CalTRUST participants.

13. Public Comment

There was no public comment.

14. Ethics Training

The Board of Trustees engaged in an hour-long ethics training program, presented by Gary Winuk of Kaufman Legal Group.

15. Adjourn

The meeting was adjourned at 1:00 p.m.