



October 24, 2019

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

## **PROPOSED CHANGE IN INVESTMENT MANAGEMENT SERVICES; PROPOSED AGREEMENTS WITH PFM ASSET MANAGEMENT LLC AND THE CALIFORNIA ASSET MANAGEMENT TRUST**

### **RECOMMENDATION**

Approve, and authorize the Board Chair to sign, a Letter Agreement with PFM Asset Management LLC (PFM) and an Investor Agreement with California Asset Management Trust for the management and investment of District funds.

### **FISCAL IMPACT**

Estimated annual savings of over \$47,000 when compared to existing investment agreements with Union Bank and PFM.

### **BACKGROUND/ANALYSIS**

At your October 3, 2019 meeting, District staff and Sarah Meacham from PFM presented information regarding options for reducing the District's investment related costs with no significant change to service levels received. Attached as Attachment 1 is the October 3, 2019 Board Letter and Power Point presentation on this matter.

In summary, that presentation explained the estimated \$47,015 annual savings that would result from securing PFM's investment management services through the California Asset Management Program (CAMP), which was established by the joint powers authority California Asset Management Trust formed pursuant to Government Code §6500 et seq., as well as using custodial services provided by U.S. Bank. Key proposal points included maintaining the same level of service with PFM at a reduced cost, and the changing of custodial services to U.S. Bank from Union Bank for a 90% cost savings. Another consideration was that investment in CAMP is allowed as part of the District's adopted Investment Policy (Policy 2.1.02, Revised December 20, 2018). It is important to note that the purpose of the California Asset Management Trust "is to provide California Public Agencies with an instrumentality or agency to pool their proceeds of debt issues and other funds and to facilitate the investment of and accounting for such funds." (California Asset Management Trust, Declaration of Trust, amended 02/28/2005, Section 2.2)

**PROPOSAL/RECOMMENDATION**

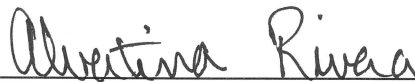
Given the significant cost savings from participation in CAMP's Individual Portfolio and the switch to U.S. Bank for custodial services (see Attachment 2, Custody Agreement by and between California Asset Management Trust and U.S. Bank), District staff recommends that the Board approve and authorize District participation in the CAMP program by the execution of the CAMP Investment Agreement (Attachment 3) and Letter Agreement (Attachment 4) to maintain individual portfolios managed by the District's current investment advisor, PFM.

This letter and associated agreements have been reviewed by Legal Counsel as to form.

If you should have any questions or need additional information, please contact me by phone at (805) 658-4646 or via email at [tinarivera@vrds.com](mailto:tinarivera@vrds.com).

ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR BUDGET IMPACT:



Alvertina Rivera, Director of Finance

APPROVED FOR AGENDA:



Chris Theisen, General Manager

- Attachments:
1. October 3, 2019 Board Agenda item no. 5
  2. Custody Agreement dated 01/10/2013 by and between U.S. Bank and California Asset Management Trust
  3. CAMP Investment Agreement
  4. Letter Agreement



October 3, 2019

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

## INVESTMENTS VIA CALIFORNIA ASSET MANAGEMENT TRUST

### RECOMMENDATION

Receive and File.

### FISCAL IMPACT

Estimated annual savings of over \$47,000.

### BACKGROUND/ANALYSIS

In a continuing effort to make the most of limited District resources, staff engaged PFM, the District's Investment Management firm, in exploring options to reduce investment related fees. This analysis resulted in a couple of options with potential savings ranging from \$22,500 and \$47,015 per year.

### PROPOSAL

After careful review and consideration, the District chose the option to continue with PFM but to secure PFM's investment services through the California Asset Management Trust (CAMP). This option accomplishes the following benefits:

**Maintains the same level of service with PFM** – Other than a reduction in cost of approximately \$4,820, there is no change to the business relationship, investment strategy, or the investment portfolio.

**Adheres to District's Investment Policy** - Investment in CAMP is allowed as part of the District's adopted Investment Policy (Policy 2.1.02, Revised December 21, 2017).

**Changes custodial service provider from Union Bank to U.S. Bank** – Under the current arrangement, Union Bank provides custody services of PFM investments at a cost of approximately \$47,000 annually. U.S. Bank serves as custodian of all CAMP investments at a much lower cost. By participating in CAMP, the District would have U.S. Bank as custodian for an approximate annual cost of \$4,800.


**Reduces overall investment related cost by approximately \$47,000** – The District benefits by obtaining PFM's services for \$4,820 less and custodial services from U.S. Bank for \$42,200 less than current costs.

A representative from PFM will be making a short presentation (Attachment No. 1) and be available to address any questions during the meeting.

This letter has been reviewed by Legal Counsel as to form.

If you should have any questions or need additional information, please contact me by phone at (805) 658-4646 or via email at [tinarivera@vrsd.com](mailto:tinarivera@vrsd.com).

ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR BUDGET IMPACT:   
*FOR* Alvertina Rivera, Director of Finance

APPROVED FOR AGENDA:   
Chris Theisen, General Manager

Attachments: 1. PowerPoint Presentation



pfm

# Portfolio Management and Custody Cost Analysis

## Ventura Regional Sanitation District

October 2019

PFM Asset  
Management LLC

50 California Street  
Suite 2300  
San Francisco, CA 94111

415.982.5544  
pfm.com



# Summary of Portfolio Management Cost Analysis

- If the District transitions from Union Bank to CAMP IP accounts managed by PFM with U.S. Bank providing custody of funds, the District could realize annual cost savings of around **\$47,015**.

Current Management Fee <sup>1</sup> - Estimated CAMP Management Fee <sup>2</sup>	\$4,821
Est. Annual Union Bank Custody Fee <sup>3</sup> – Est. Annual CAMP/U.S. Bank Custody Fee <sup>4</sup>	\$42,194
<b>Estimated Annual Total Fee Savings</b>	<b>\$47,015</b>

- If the District were to consolidate funds into only one account with Union Bank, they could save around **\$22,500** in annual custody fees, and if choosing to move funds to a CAMP IP account with U.S. Bank an additional **\$600** in annual custody fees would be saved.

Annual Custody Administration Fee	
Union Bank Custody	\$7,500 per account
U.S. Bank Custody	\$200 per account

1. The cost analysis is based on the District's actual portfolio management and custody fees for the 12 months ending 7/31/19 to compare what those fees would have been if the District had been using CAMP over that same period. The District's actual savings will vary depending on actual balances and volumes.
2. Used the average monthly assets of all accounts of the 12 months preceding 7/31/2019 which totaled \$40,358,658 and applied to the CAMP fee schedule.
3. Estimated annual fee determined by multiplying the actual quarterly fee by four. Actual fees will vary.
4. See the U.S. Bank Custody Fees page for more detail on the estimated CAMP custody fees. Please see the CAMP Program Guide for additional information on the CAMP Program and fees.



## Portfolio Management Fees: Current vs. CAMP Individual Portfolio

Current Portfolio Management Fee Schedule	
Average Daily Net Assets	Annual Rate
First \$20 million	0.12%
Up to \$40 million	0.09%
Over \$40 million	0.06%

Standard CAMP Management Fee Schedule	
Average Daily Net Assets	Annual Rate
First \$25 million	0.10%
Over \$25 million	0.08%

Annual Total Management Fees	
Current IP Fee <sup>1</sup>	\$42,108
Estimated CAMP Fee <sup>2</sup>	\$37,287
<b>Difference</b>	<b>\$4,821</b>

1. Includes actual fees of the 12 months preceding 7/31/2019.

2. Used the average monthly assets of all accounts of the 12 months preceding 7/31/2019 which totaled \$40,358,658 and applied to the CAMP fee schedule.



ITEM # 8

## Union Bank Custody Fees

Type of Fee	Unit Cost	Volume <sup>1</sup>	Total Fee
Custody Admin Fee	\$7,500 per account	4 accounts	\$30,000
Eligible Holdings Fee	\$12 per holding	343 holdings	\$4,116
Income Collection Fee	\$5 per transaction	333 transactions	\$6,660
Investment Transaction Fee	\$15 per transaction	67 transactions	\$4,020
MBS Paydowns Fee	\$5 per transaction	108 transactions	\$2,160
Wire Transfer Fee	\$10 per transfer	1 transfer	\$40
<b>Total Estimated Annual Custody Fee<sup>2</sup></b>			<b>\$46,996</b>

1. Represents the volume of all four accounts during the quarter ending 6/30/2019.
2. Estimated annual fee determined by multiplying the actual quarterly fees by four. Actual fees can vary.





## CAMP/U.S. Bank Custody Fees

Type of Fee	Unit Cost	Volume <sup>1</sup>	Total Fee
Custody Admin Fee	\$200 per account	4 accounts	\$800
Portfolio MV-based fee <sup>2</sup>	0.333 basis points	\$39,469,235	\$1,314
Book Entry Trades Fee <sup>3</sup>	\$6 per transaction	67 transactions	\$1,608
Maturities/Calls Fee	\$10 per transaction	8 transactions	\$320
Cash Transfer Fee	\$2.50 per transaction	76 transactions	\$760
<b>Total Estimated Annual Custody Fee<sup>2</sup></b>			<b>\$4,802</b>

1. Represents the volume of all four accounts during the quarter ending 6/30/2019.

2. Calculated using the average monthly balance of all four accounts combined for 12 months preceding 7/31/2019.

3. Used the number of investment transactions (all buys and sells) for the quarter from the MUFG Union Bank invoice.

4. The District is charged monthly, so whenever there is an invoice, a wire transfer, or any investment transactions in a day, there are two cash transfer transactions to account for funds moving from the pool account to VSRD's account to the broker (and vice versa).



## Annual Estimated Custody Cost Comparison

Custody Fees	
<b>Estimated Annual Union Bank Custody Fee<sup>1</sup></b>	<b>\$46,996</b>
Actual Quarterly Fee (4/1/19 – 6/30/19) <sup>2</sup>	\$11,749
<b>Estimated Annual CAMP/U.S. Bank Custody Fee<sup>3</sup></b>	<b>\$4,802</b>
Estimated Quarterly Fee (4/1/19 – 6/30/19)	\$1,201
<b>Estimated Annual Fee Difference</b>	<b>\$42,194</b>

1. Estimated annual fee determined by multiplying the actual quarterly fees by four. Actual fees can vary.
2. Actual quarterly fee taken from the invoice provided by MUFG Union Bank.
3. See the U.S. Bank Custody Fees page for more detail on the estimated CAMP custody fees.



## Differences in Custody Fees

- Union Bank charges a portfolio-based fee on the number of holdings in the portfolio, whereas U.S. Bank charges a portfolio-based fee on the market value of the portfolio at the end of the month.
- Union Bank charges for income collections which includes all the interest payments received during the quarter, whereas U.S. Bank only charges for transactions related to any maturities or calls of securities held in the portfolio.
- The investment transaction fee charged by Union Bank includes all the buys and sells of securities and is considered the same fee as the book entry trades fee charged by U.S. Bank.
- Union Bank charges a MBS fee for all paydowns, whereas U.S. Bank does not charge any fee related to MBS securities.
- Union Bank charges a fee for any wire transfers, whereas U.S. Bank charges a fee for all cash transfers. When a buy, sell, or maturity settles in the month, there are two cash transfer transactions on that day when moving from the pool account to VSRD's account to the broker (and vice versa); this also occurs when the invoice for the month is being paid and when there is a wire transfer.

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## CUSTODY AGREEMENT

This custody agreement (the "Agreement") dated as of January 10, 2013, is between U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as Custodian (the "Custodian") and the CALIFORNIA ASSET MANAGEMENT TRUST (the "Trust" and the "Customer") organized under the laws of the State of California and each of the Participants or Investors in the Trust that has signed an Account Opening Addendum as provided herein. .

### WITNESSETH:

WHEREAS, the Trust has been created pursuant to a Declaration of Trust dated as of December 15, 1989 (as amended from time to time, the "Declaration of Trust") in accordance with Section 6502 of Title I, Division 7, Chapter 5 of the Government Code of the State of California; and

WHEREAS, the Trust desires the Custodian to serve as custodian of the securities and cash comprising the assets ("Pool Property") of one or more separate series established under the Trust (individually a "Pool" and collectively, the "Pools"), and provide certain banking services as described herein, and the Custodian is willing to act in such capacity upon the terms and conditions herein set forth; and

WHEREAS, the Trust desires the Custodian to serve as custodian of the securities and cash comprising the assets of discrete portfolios ("Individual Portfolios") belonging to any California state department or agency, county, county board of education, county superintendent of schools, city, public corporation, public district or regional transportation commission that is a Participant or Investor, as those terms are defined in the Declaration of Trust ("Participant" herein) and provide certain banking services as described herein and the Custodian is willing to act in such capacity upon the terms and conditions herein set forth. Each Individual Portfolio Account opened shall be treated as a separate custody account as if each Account had a separately signed custody agreement identical in terms to the ones contained herein. For each Individual Portfolio Account opened, Customer and Custodian shall complete and sign an Account Opening Addendum, a copy of which is attached hereto as Exhibit A, and shall be made part of this Agreement; and

WHEREAS, the money of the Pools and Individual Portfolios to be deposited with the Custodian constitutes money of a local agency or agencies within the meaning of Title 5, Division 2, Part 1, Chapter 4, Article 2 of the Government Code of the State of California (the "Government Code");

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto, intending to be legally bound, do hereby agree as follows:

### **1. Appointment and Acceptance.**

1.1 The Trust hereby appoints Custodian as its agent of the Pool Property and Individual Portfolios to provide custody and other services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, the Trust and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to act in such capacity, and perform such services, and hold the Assets in custody accounts established in the name of the Trust and Participants (each an "Account" and collectively the "Accounts"), upon the terms and conditions set forth below. Custodian warrants that it is authorized under the Governmental Code and other applicable law to act as custodian and otherwise provide services hereunder.

1.2 For purposes of this Agreement, all references contained herein to actions, directions and responsibilities (other than the obligations set forth in Sections 12 and 14) of the Trust shall include, apply to and be binding upon the Trust's agents, including any investment manager or advisor, appointed

and authorized by the Trust to direct Custodian or otherwise take actions on behalf of the Trust in connection with Custodian's services and responsibilities hereunder. The Trust shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act hereunder. The Trust hereby warrants that PFM Asset Management LLC (the Investment Advisor") has been appointed investment manager with authority to direct Custodian on investments and cash management. This authority shall remain in force unless and until revoked by the Trust in writing to the Custodian.

## **2. Asset Delivery, Transfer, Custody and Safekeeping.**

2.1 The Trust will from time to time deliver, or cause to be delivered, Assets to Custodian. Custodian shall receive and accept such Assets for the Account upon appropriate directions from the Trust. Custodian shall keep records of all transactions involving the Account and Assets belonging to each Account.

2.2 Upon receipt of Appropriate Instructions, (defined in Section 11.1) Custodian shall return Assets to the Trust or Participant, as appropriate, or deliver to such location or third party as Appropriate Instructions may indicate, provided that in connection therewith it is the sole responsibility of the Trust or Participant to provide any transfer documentation as may be required by the Depository (defined in Section 3.3 below) or third party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to Appropriate Instructions.

2.3 Custodian shall furnish the Trust or respective Participants, as part of the services for which Custodian charges its basic fee hereunder, with monthly Account statements reflecting all Asset transactions in the respective Accounts during the reporting period and ending Asset holdings. If the Trust or a Participant wishes Custodian to report on Assets that are not in control of the Custodian, the Trust or Participant requesting such report shall execute the Custodian's CLIENT CONTROL ADDENDUM, which shall be provided to the Customer upon request.

2.4 Custodian shall forward to the Trust or Participant, or its designated agent identified in Section 17.4 (or as identified in a separate written designation by the Trust or Participant that is received by Custodian) all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at the Trust or Participant's option, tender or exchange offers, all proxy material it receives with respect to securities included among the Assets and all other special matters or shareholder rights. This Section 2.4 is subject to the following exceptions:

2.4.1 Exception: If Custodian receives a class action litigation proof of claim in respect to any of the Assets, Custodian shall file such claim on behalf of the Trust or Participant.

2.4.2 Exception: Custodian will not forward so-called "mini-tenders" to the Trust or Participant or its designated agent, as applicable. Mini-tenders are tender offers for a small amount of the outstanding securities of a "target" company, generally with an offer price at or below market value. For equity issues, unless a tender offer is made for 5% or greater of the outstanding securities, and is subject to Securities and Exchange Commission ("SEC") review, the tender offer will not be forwarded by Custodian.

2.4.3 Exception: No tender offer will be forwarded by Custodian for a debt issue if:

2.4.3.1 It is not registered with the SEC;

2.4.3.2 It has a “first received, first buy” basis with no withdrawal privilege and includes a guarantee of delivery clause; and

2.4.3.3 The offer includes the statement that “the purchase price includes all accrued interest on the note and has been determined in the sole discretion of the buyer and may be more than or less than the fair market value of the notes” or similar language.

2.5 Absent specific investment directions to the contrary from the Trust or a Participant, Custodian is hereby authorized and directed by them to hold all cash and all checks and drafts (when collected funds are received) in the applicable Pool’s demand deposit account (“DDA”). All disbursements made from the DDA at the Custodian are to be funded by transfers from the applicable Pool Property held by the Custodian in the applicable custody Account of the Pool to the DDA on the day of the disbursement. No disbursement shall be made by transfers from the Individual Portfolio custody accounts to the DDA.

2.6 If any of the Assets received and held by Custodian hereunder shall be plan assets (“Plan Assets”) with respect to any employee benefit plan (a “Plan”) as those terms are defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), the Custodian shall not be deemed to be, and shall not exercise any discretionary powers or control over such Plan Assets so as to be, a fiduciary with respect to the Plan. Furthermore, the applicable Participant shall notify Custodian in writing whenever any Assets do constitute Plan Assets and thereafter, all subcontracts, agreements or other arrangements between Custodian and any subsidiary or affiliate thereof for services or products paid for from any assets of the said Plan and utilized in the performance of Custodian’s duties hereunder shall be subject to the advance approval the applicable Participant.

**3. Powers of Custodian.** In the performance of its duties hereunder, Custodian shall have the following powers:

3.1 To register any of the Assets in the name of the Trust or Participant or in the Custodian’s name or in the name of a nominee of Custodian or in the name of the Custodian’s agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in Customer’s Account hereunder as belonging to the Trust or Participant. In consideration of Custodian’s registration of any securities or other property in the name of Custodian or its nominee or agent, the Trust or applicable Participant agrees to pay on demand to Custodian or to Custodian’s nominee or agent the amount of any loss or liability for stockholders’ assessments, or otherwise, claimed or asserted against Custodian or Custodian’s nominee or agent by reason of such registration.

3.2 To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3 To maintain qualifying Assets in any registered clearing agency or in a Federal Reserve Bank (collectively a “Depository”) as Custodian may select and to permit such deposited Assets to be registered in the name of Custodian, Custodian’s agent or nominee or Depository, on the records of a Depository and to employ and use securities depositories, clearing agencies, clearance systems, sub-custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4 Upon receipt of Appropriate Instructions, to maintain Assets in an account with a third-party custodian designated by the Trust for purposes of settling tri-party repurchase agreements.

3.5 To employ agents and to delegate duties to them as it sees fit and to employ or consult with experts, advisors and legal counsel (who may be employed also by the Trust or a Participant) and to rely on information and advice received from such agents, experts, advisors, and legal counsel.

3.6 To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

3.7 To hold uninvested reasonable amounts of cash whenever it is deemed advisable to do so to facilitate disbursements or for other operational reasons, and to deposit the same, with or without interest, in the commercial or savings departments of the Custodian serving hereunder or of any other bank, trust company or other financial institution including those affiliated with the Custodian, notwithstanding Custodian's or other entity's receipt of "float" from such uninvested cash.

#### **4. Purchases.**

4.1 Upon the receipt of Appropriate Instructions from the Trust, Custodian shall purchase securities for the Trust or Participants on a contractual settlement basis. The Trust and each Participant hereby agrees that it shall not instruct Custodian to sell any Asset until such Asset has been fully paid for by Custodian. Nor shall Customer engage in a practice whereby the Trust or Participants relies on the proceeds from the sale of an Asset to pay for the earlier purchase of the same Asset.

4.2 Notification by Agreement. Unless the Trust or a Participant and Custodian have entered into a separate written agreement that expressly makes Custodian either an investment manager or a discretionary trustee, the Account statements described above (including their timing and form) will serve as the sole written notification to the Trust and the Participants of any securities transaction effected by Custodian for the Account. Even so, the Trust and Participants have the right to demand that the Custodian provide written notification of such transactions pursuant to 12 CFR Sections 12.4(a) or (b) at no additional cost to Customer.

#### **5. Sales.**

5.1 Upon receipt of Appropriate Instructions from the Trust, Custodian will deliver Assets held by it as Custodian hereunder and sold by or for the Trust or a Participant against payment to Custodian of the amount specified in such Appropriate Instructions in accordance with the then current securities industry practices and in form satisfactory to Custodian. The Trust and Participants acknowledge that the current securities industry practice is delivery of physical securities against later payment on delivery date. Custodian agrees to use its best efforts to obtain payment therefore during the same business day, but the Trust and each Participant confirms its respective sole assumption of all risks of payment for such deliveries. Custodian may accept checks, whether certified or not, in payment for securities delivered on Customer's direction, and the Trust or the respective Participant assumes sole responsibility for the risks of collectability of such checks.

#### **6. Settlements.**

6.1 Custodian shall provide the Trust and Participants with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies provided that:

6.1.1 Appropriate Instructions for purchases and sales are received by Custodian in accordance with Custodian's then current published instruction deadline schedule;

6.1.2 Custodian has all other information necessary to complete the transaction.



6.1.3 To avoid a deficiency in the Accounts, the Trust and each Participant agree that they shall not initiate any trade without sufficient Assets to settle such trade, nor shall they notify a separate financial institution that they intend to settle purchases out of the Account without sufficient Assets to do so.

6.2 Custodian shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by the Trust to purchase or sell securities for the Account of the Trust or a Participant. Custodian shall not be responsible for loss occasioned by the acts, neglects, defaults or insolvency of any broker, bank, trust company or other person with whom Custodian may deal in the absence of bad faith on the part of Custodian.

## **7. Corporate Actions.**

7.1 In connection with any mandatory conversion of Asset securities pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

## **8. Collections.**

8.1 Custodian shall collect all income, principal and other distributions due and payable on Assets held either by Custodian or a Depository and credit it to the appropriate Account of the Trust or a Participant but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. Custodian shall have no responsibility to notify the Trust or Participant, as appropriate, in the event of such default or refusal to pay, but if Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise the Trust or Participant as appropriate.

8.2 Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. All risk and expense incident to such foreign collection and conversion is the responsibility of the Account and Custodian shall have no responsibility for fluctuations in exchange rates affecting such collections or conversion.

## **9. No Discretionary Authority; Standard of Care.**

9.1 The Custodian shall care for the Assets in its custody as if, and to the same standard as it would its own property. The Trust and Participants and Custodian acknowledge that, except to the extent set forth in any separate instrument signed by the parties with respect to this Agreement, Custodian is not a fiduciary with respect to any Asset and the duties of Custodian hereunder do not include discretionary authority, control or responsibility with respect to the management or disposition of any Asset; or authority or responsibility to render investment advice with respect to any Asset. In addition, it is agreed that:

9.1.1 Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of the Trust or a Participants in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant hereto. Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.

- 9.1.2 Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon a direction or other instruction from the Trust or its agent.
- 9.1.3 Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of the Trust or Participants.
- 9.1.4 Custodian shall have no responsibility for the accuracy of Asset valuations quoted by outside services or sources in cases involving assets under the control of the Trust or Participants.
- 9.1.5 Custodian shall only be responsible for the performance of such duties as are expressly set forth herein or in Appropriate Instructions received by Custodian from the Trust or its agent which are not contrary to the provisions of this Agreement. Custodian shall exercise reasonable care in the performance of its services hereunder. In no event shall Custodian be liable for indirect, special or consequential damages.
- 9.1.6 Custodian shall not be liable for a failure to take an action required under this Agreement in the event and to the extent that the taking of the action is prevented or delayed by war (whether declared or not and including existing wars), revolutions, insurrection, riot, civil commotion, acts of God, accident, fire explosion, stoppage of labor, strikes or other differences with employees, laws regulations, orders or other acts of any governmental authority or any other cause beyond its reasonable control; nor shall any such failure or delay give Customer the right to terminate this Agreement, except as provided in Section 15 of this Agreement.

#### **10. Books, Records and Accounts.**

10.1 Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of the Trust and Participants. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required to be maintained.

10.2 On reasonable notice, which shall in no event be less than forty eight (48) hours notice, Custodian will make available to and permit inspection during Custodian's regular business hours by the Trust or a Participant and its auditors of all books, records and accounts relating to the Trust or such Participant and retained by Custodian (or, to the extent practicable, its agents) in connection with its duties hereunder on behalf of the Trust or such Participant.

#### **11. Instructions and Directions.**

11.1 Custodian shall be deemed to have received appropriate instructions ("Appropriate Instructions") upon receipt of written instructions:

- 11.1.1 Given by any person whose name is listed on the most recent certificate delivered by the Trust and the Investment Advisor to Custodian which lists those persons authorized to give orders, and instructions in the name of and on behalf of the Trust and Participants or
- 11.1.2 Given by any other person duly authorized by the Trust for the Pool Property or by a Participant in respect to its individual Account or Accounts to give

instructions or directions to Custodian hereunder or who Custodian reasonably believes to be so authorized (such as an investment adviser or other agent designated by the Trust, for example).

11.2 Appropriate Instructions shall include instructions sent to Custodian or its agent by letter, memorandum, telegram, cable, facsimile, internet e-mail or similar means of written communication. The parties to this Agreement assume full responsibility for the security of electronically transmitted communications they send.

11.3 Any communication addressed and mailed shall be deemed to be given when received; and any communication sent by electronic transmission shall be deemed to be given when receipt of such transmission is acknowledged; and any communication delivered in person shall be deemed to be given when actually received by an authorized officer of Custodian or the Trust.

11.4 In the event that Custodian is directed to deliver Assets to any party other than the Trust or a Participant or its respective agent, Appropriate Instructions shall include and the Trust or Participant shall supply, customary transfer documentation as required by such party, and to the extent that such documentation has not been supplied, Custodian shall not be deemed to have received Appropriate Instructions.

## **12. Compensation, Security.**

12.1 The Trust and Participants, in the case of Individual Portfolios, shall pay to Custodian fees for its services under this Agreement and shall reimburse Custodian for costs incurred by it hereunder as set forth in Schedule B or such other fee arrangement as Custodian and the Trust may otherwise agree in writing. Custodian agrees that it will not raise the fees for a period of three years from the effective date of this agreement. Invoices shall be sent either to the Trust or to the appropriate Participant in the case of an Individual Portfolio. If any such invoice is not paid within sixty (60) days, the Custodian may pay itself the amount of such invoice from the appropriate Account. Custodian shall give the Investment Advisor at least 10 days notice of such action.

12.2 If any advance of funds is made by Custodian on behalf of the Trust or a Participant to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in the Trust or Participant's Account, or if the Trust or Participant is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds (i) with respect to payments to be received by Custodian in next-day funds for the Pool (which Customer acknowledges Customer is liable to repay if Custodian does not receive final payment), the Trust agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time; and (ii) with respect to payments to be received by Custodian in next-day funds for an Individual Portfolio (which Participant acknowledges it is liable to repay if Custodian does not receive final payment), the Participant agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness and accrued interest thereon at a rate per annum (based on a 360 day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time.

12.3 In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, or if the Trust or a Participant is otherwise in default of any obligation to Custodian, Custodian may directly charge the applicable Account and receive such payment therefrom.

12.4 In the event that a compensation payment due Custodian is past due by more than 30 days, such amount may also be charged to the applicable Account and Custodian may receive such payment therefrom

12.5 [Intentionally omitted.]

12.6 None of the provisions of this Agreement shall require Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, if Custodian shall have reasonable grounds for believing that repayment of such funds, or indemnity satisfactory to Custodian against such risk or liability is not assured.

### **13. Customer Responsibility.**

13.1 The Trust and each Participant shall be responsible for the review of all reports, accountings and other statements applicable to its Accounts provided thereto by the Custodian, and shall within 90 days following receipt thereof notify the Custodian of any mistakes, defects or irregularities contained or identified therein, after which time all such matters shall be presumed to be ratified, approved and correct and shall not provide any basis for claim or liability against the Custodian.

### **14. Indemnification.**

14.1 The Trust and each Participant hereby agrees to fully and promptly indemnify Custodian and its affiliates, officers, directors, employees and agents (each a "Custodian Indemnified Party") and hold each Custodian Indemnified Party harmless from and against any cost, losses, claims, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' and other professionals' fees) (collectively, a "Claim") arising out of:

- 14.1.1 The Trust or Participant's actions or omissions with respect to its respective Accounts or
- 14.1.2 Custodian's action taken or omitted hereunder with respect to its respective Accounts in reliance upon the Trust or Participant's directions or instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian in respect to such Accounts, reasonably believed by Custodian to be genuine or bearing the signature of a person or persons authorized by the Trust to sign, countersign or execute the same;
- 14.1.3 However the Trust and each Participant shall not indemnify a Custodian Indemnified Party for any Claim arising from the Custodian Indemnified Party's judicially determined willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement in respect to its respective Accounts.
- 14.1.4 It is expressly understood and agreed by the parties hereto that the indemnity obligations herein are several as to the Trust and each Participant with respect to its respective Accounts, and the Trust shall have no indemnity obligation with respect to Individual Portfolios, and each Participant shall have no individual indemnity obligation with respect to the Trust Pool.

14.2 Custodian hereby agrees to indemnify the Trust and Participants and their respective controlling person, officers, directors, employee and agents ("Customer Indemnified Parties") and hold each of them harmless from and against any and all Claims arising out of:

- 14.2.1 Custodian's breach of this Agreement, willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement, or
- 14.2.2 Any loss of Assets, including theft or destruction thereof but expressly excluding investment losses or other diminution of Assets resulting from the Custodian's proper performance of its duties hereunder.

14.3 Custodian shall not indemnify a Customer Indemnified Party for any Claim arising from the Trust or Participant Indemnified Party's breach of this Agreement, willful misfeasance, bad faith or gross negligence with respect to its duties and responsibilities under this Agreement.

14.4 This Section 14 shall survive the termination of this Agreement.

#### **15. Termination.**

15.1 This Agreement will remain in effect for three years from the effective date, with up to two one year renewals at the option of the Customer. Notwithstanding the foregoing, this agreement may be terminated by either party on not less than 60 days written notice to the other party, provided however that Custodian will continue to serve and this Agreement will not be terminated until such time as a successor custodian has been appointed and the Assets' custody and records have been transferred to the successor custodian .

15.2 Following notice of termination of this Agreement, Custodian shall follow such reasonable Trust instructions concerning the transfer of Assets' custody and records, provided:

15.2.1 Custodian shall have no liability for shipping and insurance costs associated therewith;

15.2.2 [Intentionally omitted];

15.2.3 Prior to termination, Custodian shall have been reimbursed for any advances of monies or securities made hereunder to the Trust or any Participant. If any Assets remain in an Account, the Trust and Participants acknowledge and agree that Custodian may designate the Trust or applicable Participant as successor Custodian hereunder and deliver the same directly to the Trust or applicable Participant.

15.3 Upon termination of this Agreement, all indemnification provisions herein shall survive with respect to any Claims arising from events prior to such termination.

#### **16. Binding Obligations.**

16.1 The Trust and Participants and Custodian each hereby represent that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

#### **17. General Provisions.**

17.1. Tax Responsibility. Unless indicated below in this section or required by law, Custodian shall not undertake any federal, state, or local tax reporting in connection with Assets, the Account or transactions therein, notwithstanding any other terms or conditions contained herein

In addition to those required by law, the Custodian shall perform the following additional services: NA (*if no additional services are to be performed, leave blank or mark NA*)

17.2. Tax Lot Methods. For the purpose of complying with Internal Revenue Service regulations requiring cost basis reporting, please select the tax lot selection method you wish for your Account. *We recommend that you consult with your tax advisor if you are unsure of the option that is best for you.*

- Minimize Gain** - Shares are sold from tax lots having the highest per unit federal tax cost with a holding period of more than one year.
- First In First Out (FIFO)** – Shares are sold from tax lots having the earliest federal tax acquisition date.
- Last In First Out (LIFO)** – Shares are sold from tax lots having the most recent federal tax acquisition date.
- Highest Federal Cost First Out (HIFO)** – Shares are sold from tax lots having the highest federal tax cost per share.
- Lowest Federal Cost First Out (LOFO)** – Shares are sold from tax lots having the lowest federal tax cost per share.
- Specify Tax Lot** – Shares are sold from tax lots that you specify.
- Average Federal Tax Cost** - Shares are sold across all tax lots using the average cost. If your Account(s) holds investments for which this method is not permitted, the First-In First-Out default method will be used, unless you direct otherwise.
- Maximize Gain** - Shares are sold from tax lots having the lowest per unit federal tax cost.

If you do not specify a particular tax lot or method, the First-In First-Out method will be used. If you wish to use a tax lot selection method that is different from what you selected above, on an individual investment or transaction basis, you may make that selection when you execute your trade.

17.3 Shareholder Communications Act Authorization. The Shareholder Communications Act of 1985, as amended, requires Custodian to make an effort to permit direct communications between a company that issues securities and the shareholder that exercises shareholder rights with respect to those securities. Unless the Trust or a Participant specifically directs Custodian in writing not to release its name, address and security position to requesting companies, Custodian is required by law to disclose the Trust or Participant's name and address to such companies. Therefore the Trust and Participants hereby responds to the following question [no response will mean "yes"]. Does the Trust and Participants authorize Custodian to provide its name, address and security position to requesting companies whose stock is owned in this Account? \_\_\_\_ Yes /  X  No

17.4 Customer's Agent – Shareholder Rights. Should the Trust or any Participant require that a designated agent for the Account, such as an investment advisor, be responsible for proxy voting and other special matters and shareholder rights as specified in Section 2.4, above, the Trust or such Participant shall provide the name and address of that agent below. Such agent shall be removed upon Custodian's receipt of a written removal from the Trust or Participant. The Trust or Participant may designate more than one agent to be responsible for separate sub-Accounts or investment Accounts under this Agreement by providing a clear, written designation to that effect to Custodian. Custodian hereunder has no authority or responsibility with regard to proxy voting or any similar special matters. Therefore, it may not be designated below unless it has separately agreed in writing to act as investment advisor for the Account.

**Designated Agent:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Telephone Number:** \_\_\_\_\_

17.5 Notice. Except as provided in Section 11 above, any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered by certified mail, return receipt requested, to the parties at the addresses set forth on the execution page hereof (or at such other address as a party may specify by notice to other). Notice shall be effective upon receipt if by mail, or on the date of personal delivery (by private messenger, courier service or otherwise) or facsimile, whichever occurs first, to the addressed indicated below. The below addresses and individuals may be

changed at any time by an instrument in writing executed by the party giving same and given to the other party, in accordance with the procedure set forth above.

17.6 Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreements between them concerning the subject, and cannot be amended or modified in any manner except by a written agreement executed by both parties. Notwithstanding the foregoing, if at any time Custodian is holding assets or property of the Trust or a Participant pursuant to any other custodial, pledge or other agency agreement with Customer (or which Customer has acknowledged in instructions to Custodian) and one or more third parties that involves Custodian's duties or obligations to a third party (which may be affiliates to Custodian) with respect to Assets, the terms and requirements of the other agreements concerning such Assets shall supersede and control the provisions and duties set forth herein.

17.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed in California.

17.8 Assignment. No party may assign any of its rights hereunder without the consent of the other, which consent shall not be unreasonably withheld. The foregoing consent requirement does not apply if either party shall merge or consolidate with or sell substantially all of its assets to another corporation, provided that such other corporation shall assume without qualification or limitation all obligations of that party hereunder either by operation of law or by contract.

17.9 Separability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

17.10 No Third Party Rights. In performing its services hereunder, Custodian is acting solely on behalf of the Trust. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other persons.

17.11 Counterparts and Duplicates. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. This Agreement and any administrative form under the Agreement may be proved either by a signed original or by a reproduced copy thereof (including, not by way of limitation, a microfiche copy or an electronic file copy).

17.12 Legal Actions Affecting Account. If Custodian is served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant or similar order relating to the Account, (a "Legal Action") Custodian will comply with that Legal Action and shall be held harmless therefrom. the Trust or applicable Participant will reimburse Custodian for any fees or expenses Custodian incurs in responding to any Legal Action affecting the Account (including but not limited to attorneys' fees and other professionals' fees).

17.13 Abandoned Property. Any Assets remaining unclaimed or abandoned by the Trust or a Participant shall be delivered to the proper public official pursuant to applicable state's abandoned property, escheat or similar law and Custodian shall be held harmless therefrom. This Section 17.14 shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative effective as of the date first written above.

**CALIFORNIA ASSET MANAGEMENT TRUST**  
(The Trust)

**U.S. BANK NATIONAL ASSOCIATION,**  
as Custodian

By: Steve Dial

By: \_\_\_\_\_

Title: PRESIDENT

Title: \_\_\_\_\_

Date: 1/11/13

Date: \_\_\_\_\_

Address: 50 CALIFORNIA ST # 23  
SAN FRANCISCO, CA 94111

Address: \_\_\_\_\_  
\_\_\_\_\_



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative effective as of the date first written above.

**CALIFORNIA ASSET MANAGEMENT TRUST  
(The Trust)**

**U.S. BANK NATIONAL ASSOCIATION,  
as Custodian**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: John M. Olson

Title: Vice President

Date: February 2013

Address: 60 Livingston Ave  
St Paul MN 55107

**EXHIBIT B**  
**U.S. Bank Custody Fee Schedule**  
**California Asset Management Program**

**Cash Reserve Portfolio:**

<b>Annual Administrative Fee</b>	<b>\$7200</b>
<b>Market Value Based Fee</b>	<b>0.333 basis points (annual rate)</b>
<b>Transactions:</b>	
<b>FED/DTC buys/sells faxed</b>	<b>\$10 per</b>
<b>FED/DTC buys/sells electronic</b>	<b>\$6 per</b>
<b>Interest Payments</b>	<b>No charge</b>
<b>Maturities/Calls</b>	<b>\$10 per</b>
<b>Repos</b>	<b>\$6 per</b>

**Individually Managed Portfolios:**

<b>Annual Administrative Fee</b>	<b>\$200</b>
<b>Market Value Based Fee</b>	<b>0.333 basis points (annual rate)</b>
<b>Transactions:</b>	
<b>FED/DTC buys/sells faxed</b>	<b>\$10 per</b>
<b>FED/DTC buys/sells electronic</b>	<b>\$6 per</b>
<b>Interest Payments</b>	<b>No charge</b>
<b>Maturities/Calls</b>	<b>\$10 per</b>
<b>Repos</b>	<b>\$6 per</b>
<b>Cash Transfers</b>	<b>\$2.50 per</b>

**Fees to be invoiced monthly.**

## ATTACHMENT D

### CALIFORNIA ASSET MANAGEMENT TRUST INVESTOR AGREEMENT

By signing this Investor Agreement (“Agreement”), the undersigned Public Agency (“Investor”) agrees with California Asset Management Trust (“Trust”) to the following:

1. Program Guide, Declaration of Trust, and By-Laws. Investor acknowledges that it has received and read a copy of the Program Guide, consisting of the Information Statement in Part I (“Information Statement”) and additional information in Part II, in effect as of the date of this Agreement (collectively the “Program Guide”), the Declaration of Trust, in effect as of the date of this Agreement (the “Declaration of Trust”), and the By-Laws, in effect as of the date of this Agreement (“By-Laws”). Unless otherwise stated, capitalized terms used but not otherwise defined in this Agreement have the meanings set forth in the Declaration of Trust.

2. Investment. The Trust will sell to the Investor and the Investor will purchase shares of beneficial interest (“Shares”), which are part of a series of Shares issued by the Trust for Public Agencies that invest in the Trust but do not join the Trust as Participants (“Investor Shares Series”).

3. Representations and Warranties. The Investor represents and warrants to the Trust as follows and acknowledges that the Investor has full knowledge that the Trust intends to rely on such representations and warranties and that such representations and warranties shall be deemed renewed with each purchase of the Shares of Investor Shares Series:

(a) The rights, privileges, preferences and restrictions of the Investor Shares Series being purchased are subject to the terms of the Information Statement, the Declaration of Trust, the By-Laws, and this Agreement.

(b) The Investor is duly organized and validly existing as a Public Agency of the State of California, as that term is defined in Sections 6500 and 6509.7(b) of the Act, as may be amended from time to time, and has full legal right, power and authority to enter into this Agreement to observe and perform its obligations hereunder and to invest its assets as provided herein; and by all necessary official actions the Investor has duly authorized and approved the execution hereof, the observance and performance of its obligations hereunder and the investment of its assets as provided herein.

(c) This Agreement constitutes a legal, valid and binding obligation of the Investor enforceable against such Investor in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally.

(d) The Investor has read carefully and understands the Program Guide, the Declaration of Trust and the By-Laws.

(e) The Investor has been furnished any and all materials that it requested relating to the Trust, the offering of the interests in the Trust and the information contained in the Program Guide and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information.

(f) The Investor has been advised to consult with its own attorneys and tax advisors regarding the legal, regulatory, and tax matters concerning the Trust and the purchase of Shares of Investor Shares Series.

(g) The execution and delivery of this Agreement and the completion of the transactions will not conflict with, or result in any violation of or default pursuant to, any provision of any governing instrument applicable to the Investor, or any agreement or other instrument to which it is a party or by which it or any of its properties are bound or any permit, franchise, judgment, decree, statute, rule or regulation applicable to it or any of its properties.

(h) All of the information that the Investor has furnished in this Agreement is correct and complete as of the date hereof, and if there is any material change in such information, the Investor will immediately furnish such revised and corrected information to the Trust.

(i) The Investor agrees that the foregoing representations and warranties may be used as a defense in any action relating to the Trust or the offering of Shares issued by the Trust.

(j) The Investor represents and warrants to the Trust that all information provided by the Investor to the Trust is correct and complete as of the date of its execution of the Agreement.

(k) The Investor represents and warrants to the Trust that the individual executing this Agreement on its behalf holds the title indicated below his/her name and that such individual is authorized in the name of and on behalf of the Investor to execute and deliver this Agreement.

4. Acknowledgements. The Investor acknowledges and agrees with the Trust that:

(a) Neither the Shares nor the Trust are registered under the Securities Act or any other applicable securities laws in reliance upon the exemption from registration provided in Section 3(a)(2) of the '33 Act, Section 2(b) of the '40 Act, and applicable exemptions under securities laws of the State of California. The Investor understands that as of the date hereof the Trust does not intend to register the Shares under the '33 Act or the Trust itself under the '40 Act.

(b) The Investor will indemnify and hold harmless the Trust, the Trustees, its officers and advisors in respect of all claims, actions, losses, costs, and damages resulting from any inaccuracy in any representations or breach of any warranties of the Investor contained in this Agreement.

(c) The Investor undertakes to make all payments in respect of its purchase of the Shares of Investor Shares Series in accordance with the terms of the Program Guide.

(d) The Investor agrees that the foregoing acknowledgements may be used as a defense in any action relating to the Trust or the offering of Shares of Investor Shares Series.

5. Miscellaneous.

(a) Amendments. This Agreement may be amended only with the approval or consent of the Trustees and the Investor.

(b) Governing Law; Severability. This Agreement shall be construed in accordance with the laws of the State of California and, to the maximum extent possible, in such manner as to comply with all the provisions of the Act. If it is determined by a court of competent jurisdiction that any provision of this Agreement is invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

(c) Notices. All notices hereunder must be in accordance with Section 6.6 of the Declaration of Trust.

(d) Waiver. No failure by any party hereto to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or any other covenant, duty, Agreement or condition hereof.

(e) Entire Agreement. This Agreement contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, or proposal with respect thereto.

IN WITNESS WHEREOF, the Investor has executed this Investor Agreement on the date set forth below.

*This Investor Agreement shall not be binding on the Trust unless and until it has been duly executed below by an authorized representative of the Trust.*

**INVESTOR**

**ON BEHALF OF THE Ventura Regional Sanitation District**  
(Name of Public Entity)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**CALIFORNIA ASSET MANAGEMENT TRUST**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary  
Date: \_\_\_\_\_

## Letter Agreement

This Letter Agreement (the “Agreement”), entered into as of **October 24, 2019**, sets forth our agreement for the investment of certain funds (the “Initial Funds”) by the Ventura Regional Sanitation District (the “Participant”) in Individual Portfolios (as the term is herein defined) of the California Asset Management Program (the “Program”).

The Program consists of the California Asset Management Trust (the “Trust”) designed to provide Participants with a convenient method of pooling operating funds and proceeds of bonds, notes, and certificates of participation for temporary investment pending their disbursement. The Program also offers Participants the option of establishing individual, professionally-managed investment accounts (“Individual Portfolios”) by separate agreement with the Trust’s Investment Adviser to meet specific investment objectives. Collectively the Trust and the Individual Portfolios are referred to as the Program. All securities in the Trust are held by the Program’s Custodian, U.S. Bank National Association, Minneapolis, Minnesota (the “Custodian”), in the name of the Trust, and all assets in each Individual Portfolio are held by the Custodian in the name of the appropriate Participant. Such custodial arrangements are subject to and governed by the terms and provisions of a Custody Agreement, dated as of January 10, 2013 (as the same may be amended from time to time, the “Custody Agreement”), which is incorporated herein by reference. A copy of the Custody Agreement is available at [www.camponline.com](http://www.camponline.com). A complete description of the Program is provided in the Information Statement dated June 4, 2013, as amended from time to time, and the Declaration of Trust dated February 28, 2005, as amended from time to time, to which reference should be made for details.

Certain of the Initial Funds and such other funds as the Participant may from time to time assign to the Trust’s Investment Adviser, PFM Asset Management LLC (“PFMAM”) for management under this Agreement (collectively the “Managed Funds”) will be invested by PFMAM in one or more Individual Portfolios while other funds will be invested in the Trust. The Participant hereby engages PFMAM to serve as investment advisor to the Participant under the terms of this Agreement with respect to the Participant’s Managed Funds in its Individual Portfolios.

PFMAM will provide investment research and supervision and conduct a continuous program of investment, evaluation, and when appropriate, sale and reinvestment of the Participant’s funds invested in Individual Portfolios. PFMAM shall place all orders for the purchase, sale, loan, or exchange of portfolio securities for the Participant’s account with brokers or dealers, and to that end PFMAM is authorized as agent of the Participant to give instructions to the Custodian as to deliveries of securities and payments of cash for the account of the Participant. PFMAM shall ensure that orders are placed with reputable, qualified, and financially sound brokers/dealers. PFMAM shall, in a manner consistent with ensuring safety of principal, exercise due diligence in establishing and maintaining brokers/dealers qualifications and in conducting credit reviews and reviews on broker/dealer execution capabilities. In connection with the selection of such brokers and dealers and the placing of such orders, PFMAM is directed to seek for the Participant the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to PFMAM by such brokers and dealers.

### Compensation

For services provided by PFMAM for the management of funds in an Individual Portfolio, the Participant shall pay PFMAM an annual fee, in monthly installments, based on the average daily net assets of the funds in the Individual Portfolios, equal to 0.10% of the first \$25 million of such assets and 0.08% of amounts in excess of \$25 million. For purposes of calculating the fee payable to PFMAM, funds in all of the Participant’s Individual Portfolios shall be aggregated. The minimum annual fee is \$25,000. For custodial services provided by Custodian, the Participant shall pay the Custodian the applicable asset-based or transaction fees.

PFMAM shall prepare a bill for the investment management fee monthly and forward it and the monthly Custodian invoice to the Participant for approval. Unless instructed otherwise within 15 calendar days of the postmark on that invoice, PFMAM is herein authorized to charge the Participant's associated Trust account and instruct the Custodian to disburse funds from that account. If sufficient funds are not available, the Participant agrees to compensate PFMAM from other sources within 30 calendar days of the postmark date. If either PFMAM or the Custodian shall serve for less than the whole month, the compensation shall be pro-rated.

Although expenses associated with the management of an Individual Portfolio may be paid directly from the Participant's Trust account, where proceeds of tax-exempt debt are invested in an Individual Portfolio these expenses may not be deducted from investment income for purposes of calculating arbitrage rebate.

### **Other Expenses**

Except as expressly provided otherwise herein or in the Declaration of Trust or Information Statement, the Participant shall pay all of its own expenses, if any, with regard to the investment of funds in an Individual Portfolio including, without limitation, taxes, commissions, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, and fees and expenses of the Custodian.

### **Registered Advisor; Duty of Care; Brochure and Brochure Supplement**

PFMAM hereby represents it is a registered investment adviser under the Investment Advisers Act of 1940. PFMAM shall immediately notify the Participant if at any time during the term of the Agreement it is not so registered or if its registration is suspended. PFMAM agrees to perform its duties and responsibilities under the Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the Participant may have under any federal securities laws. The Participant hereby authorizes the Advisor to sign I.R.S. Form W-9 on behalf of the Participant and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

PFMAM warrants that it has delivered to the Participant PFMAM's current Securities and Exchange Commission Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The Participant acknowledges receipt of such brochure and brochure supplement prior to the execution of the letter agreement.

### **PFMAM's Other Clients**

The Participant understands that PFMAM performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The Participant agrees that PFMAM, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Managed Funds accounts, so long as it is the policy of PFMAM, to the extent practical, to allocate investment opportunities to this account over a period of time on a fair and equitable basis relative to other clients. PFMAM shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that PFMAM, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.

**Force Majeure**

PFMAM shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of PFMAM or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

**Assignment**

PFMAM’s obligations and responsibilities as described in this Agreement are not assignable without the consent of the Participant.

**Maintenance of Records**

PFMAM shall provide the Participant with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received and the value of assets held on the last business day of the month for assets held in the Individual Portfolios. For proceeds of tax-exempt debt issues invested under this Agreement, PFMAM shall maintain appropriate records of all of its activities hereunder as may be required by the Internal Revenue Code of 1986, as amended, and related U.S. Treasury Regulations, and shall provide to the Program Rebate Calculation Agent all of those records of investment activity as may be necessary to prepare calculations of a Participant’s rebate liability.

**Term**

This Agreement shall remain in effect so long as PFMAM is the Investment Advisor to the Trust, unless terminated by the Participant upon no less than thirty (30) days’ prior written notice to PFMAM. This Agreement may be terminated by the Participant in the event of any material breach of its terms immediately upon notice by certified mail, return receipt requested.

Sincerely,

PFM ASSET MANAGEMENT LLC

By \_\_\_\_\_  
Sarah Meacham  
Managing Director

Accepted:

VENTURA REGIONAL SANITATION DISTRICT

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)