

**MINUTES OF THE SPECIAL MEETING OF THE NORTH COUNTY LIBRARY
AUTHORITY OF THE CITY OF LOS ALTOS, HELD ON MONDAY,
FEBRUARY 25, 2019, AT 6:00 P.M. IN THE NEUTRA HOUSE
183 HILLVIEW AVE, LOS ALTOS, CALIFORNIA**

ESTABLISHED QUORUM AT 6:04 P.M.

PRESENT: President Courtenay Corrigan, Vice-President Cindy Hill, Secretary Jan Pepper,
Suzanne Epstein and Neysa Fligor

ABSENT: None

PUBLIC COMMENT

None

ITEMS FOR CONSIDERATION/ACTION

1. Approval of Minutes

The Board considered the minutes from the meeting of 1/28/19 and memos with clarifications of minutes from the 1/14/19 and 11/26/18 meetings. A motion was made to approve all three documents by Board Member Pepper, seconded by Vice-President Hill. AYES: Hill, Epstein, Corrigan, Fligor, Pepper. NOES: None. ABSTAIN: None.

2. Consideration of the Administrative Officer Role

Board President recommended postponing consideration of this item to a future meeting. The work has become more complex, will revisit this issue at a later meeting.

3. NCLA Financial Review

An overview provided by Liaison Marcie Scott summarized the NCLA's financial status and described the three accounts holding NCLA funds: a cash account, LAIF account and NCLA monies pooled with the City of Los Altos investment portfolio. Funds in the City's investment portfolio are managed by a professional financial firm in compliance with the City of Los Altos Investment Policy and CA Government Code Section 53601. The Board is considering whether to maintain funds in the investment portfolio and will meet with the professional financial firm representative at the meeting scheduled 4/29/19. Timing is appropriate to consider the status of investment based on recent and future market trends and the potential of continued work on Los Altos Library redevelopment.

A question raised by the Board as to what is the value of the NCLA investment in the co-mingled account with the City, with further comments that more transparency is desired. In response to a question from Board, Authority Attorney stated restricted funds should be tracked. Commissioners need to have a comfort level in understanding the fund status.

4. NCLA Task Force

Cindy Hill and Suzanne Epstein, both members of the Task Force, provided a status update. They applauded the presentation to the Los Altos Hills Town Council, and the unanimous support for continued work on the Redevelopment Project. The Task Force will present an overview of the work to date on the Los Altos Library Redevelopment Project to the Los Altos City Council 2/26/19 and seek a similar unanimous statement of support for continuation of the Redevelopment Project.

5. Consider Additional County Funding for Library Services for FY 2019/20

Additional County funds will be available for a limited time to provide equity across the County libraries in the County based on a request one-and-one-half years ago by the Library JPA Board for all libraries to be open 7 days a week. The County used a formula to allocate funds to all libraries.

Concerns were raised about the option of using these funds for additional hours, as they are temporary, one-time funds....

Discussion focused on funding additional hours at Woodland, particularly to help ease the limited parking by providing more hours of operation. Also it was noted as additional hours have been added to Woodland over time by NCLA, usage of the library increased. Discussion continued about using these some of these funds for additional Woodland hours and banking the remainder of the money. The County wishes to have a decision on this issue by April 2019.

6. County Update

The County appreciates the Board's decision and direction on the additional County funds in the prior item.

7. NCLA Annual Audit

The Board received the annual audit prepared by Maze & Associates. No issues were identified, this is a "clean" audit. Board Member Epstein asked for clarification on page 24. The Liaison will follow up with City of Los Altos staff.

8. Future Meeting Schedule

Upcoming meeting dates were reviewed; the Board cancelled the meeting on 3/25/19 due to several schedule conflicts. However a new meeting was scheduled 3/19/19 and the Board confirmed the meeting scheduled 4/29/19.

Meeting adjourned at 7:29 pm.

DRAFT

North County Library Authority (NCLA) Commission Minutes
February 25, 2019

MINUTES OF THE SPECIAL MEETING OF THE NORTH COUNTY LIBRARY AUTHORITY OF THE CITY
OF LOS ALTOS, HELD ON MONDAY, APRIL 29, 2019, AT 6:00 PM IN THE LOS ALTOS LIBRARY 13 S.
SAN ANTONIO ROAD, LOS ALTOS, CALIFORNIA

ESTABLISHED QUORUM AT 6:08 pm

PRESENT: Vice President Cindy Hill, Neysa Fligor, Suzanne Epstein

GUEST: Monique Spyke, Managing Director, PFM

ABSENT: President Courtenay Corrigan, Secretary Jan Pepper

Pledge of Allegiance

PUBLIC COMMENT

Mr. Eric Steinle: With regard to everyone's dream for a new library, for successful fundraising, we will have to overcome the public's opposition to paying more taxes. At a recent City Council meeting clear opposition was expressed to a new fee for sewers. It will be important to emphasize improvement to public safety in the library redevelopment. The last time the Los Altos library building was modified was 25 years ago. Building standards have changed, particularly seismic safety.

Mr. Steinle was asked, and confirmed, he was speaking as a private citizen, not a Library Commissioner.

ITEMS FOR CONSIDERATION/ACTION

1. Approval of Minutes

This item was moved to later in the meeting in order to begin the presentation on Investment strategy. When considered, Liaison Scott pulled Item 1a – minutes of 2/25/19, to listen to the audio for further clarification.

A motion was made by Board Member Epstein to approve Item 1b Minutes of 3/19/19 meeting. Board Member Fligor seconded. All present approved the motion. AYES: Epstein, Fligor, Hill. NOES: none. ABSENT: Corrigan, Pepper. ABSTAIN: None.

2. Investment Strategy

Presentation by Monique Spyke, Managing Director, PFM

The CAMP program was established in 1989 as a Joint Powers Authority for California public sector. Its initial focus was to hold/manage proceeds of debt issues. Over the years they have expanded to include other funds such as operating funds, capital reserves and cash reserves for local agencies.

PFM provides investment services to agencies across the Country. We are very experienced at pooled investment services with broad range of public sector clients.

The CAMP program is an option for NCLA. The cash reserve portfolio is AAAM rated pool. It provides:

- Very competitive investment returns
- Same day liquidity; with notice before 11 am CAMP provides same day transfer of funds

These two features above are very attractive to some entities.

- CAMP pays interest monthly, which allows reinvestment
- Zero out of pocket costs; in other words, costs are not invoiced. Rather, the fees are netted out of yield.
- Provides for multiple sub accounts; example, can account for grant monies separately
- Unlimited transactions (withdrawals). Some County funds do not provide this.
- No minimum investment required
- Provides online account management

Portfolio Characteristics

PFM created CAMP to provide low cost investment services for public agencies. This is done by pooling funds and investing proceeds in the market. Slide 5 is a snapshot as of 3/31/19 of current investments, all of which are allowed by the CA Government Code. As a CA public agency, CAMP is bound by same restrictions as other public agencies.

We have a very high credit rating. The average credit quality rating is currently A1, which is for short-term investments.

The CAMP fund has \$5 billion in investments as of 3/31/19. For the quarter ending that date, the net yield is 2.59. LAIF return for that same quarter was 2.39. Short term investments are benefitting from increase in rates over time. On average, having a higher return than may be used to. The weighted average of maturity is 47 days. That means these are very short investments. The pool is run like a money market fund. The net asset value is stable, meaning you put one dollar in, you get one dollar out, plus your return.

The features vary depending on the type of investments. We've talked about the stability of the CAMP fund, similar to LAIF. CAMP is rated, LAIF is not. We have to continue to earn that rating. Unlike a bond issue, you receive the bond rating at the time of issue. CAMP is evaluated to ensure it continues to meet the criteria of a AAAM rated fund. Criteria look at ability to provide liquidity as an example.

Board Member Epstein: Once interest is posted it is in our account?

Ms. Spyke: Yes, it is reinvested immediately. Interest is available for withdrawal once it is posted.

There are two types of members or shareholders:

- Participants (65% of membership) – Pass a resolution. This membership provides eligibility for an agency member to serve on the CAMP Board and allows agency to vote on issues such as investment policy.
- Investors – no resolution necessary, complete form to open an account. The law changed recently to allow for membership without a resolution now. But since CAMP has a lot of long-time members, the majority joined through resolution and are Participants.

A big feature is online access. One can see program updates, look at rates, investment policies, execute transactions. We use multiple factor verification and have a robust staff to ensure fund security. There is detailed reporting online, including statements, to see what you are earning and what is being reinvested.

The CAMP JPA has a Board of Trustees. We are currently seeking new Board members. The Board includes public agency representatives from both Northern and Southern California. We hire professional service providers. PFM provides investment guidance and serves as program administrator. However the assets are held by US Bank as the custodian. The fund is audited by Ernst & Young. Legal services provided by Nossaman LLP. The client service group is based in Pennsylvania, they are available for support and questions.

Investments within the CAMP program are very short term investments, including treasury securities, commercial paper, corporate notes. These investments mature on average in 47 days. This is not related to the ability of investors to withdraw when needed.

How are funds disbursed? NCLA will notify CAMP of the amount to withdraw, and CAMP will wire that amount to NCLA's account, where the money will be available to be paid out to the vendor. NCLA can authorize specific users to request funds for disbursement.

There is no minimum investment amount and no required minimum balance. If the account balance remains at zero for a year, there will be a call to check if the account should stay open.

Account reports will be provided monthly, but you can log in daily to see balance and transactions on a daily basis.

Approximately 211 investors participate in California, with a fund balance around \$5 billion. We average a new investor about one time per week. San Joaquin County recently joined with \$115 million. Another new grant client added \$500,000. The amount depends, and clients use CAMP for different reasons. Some use for transactional liquidity. Others use for liquidity reserves. And yes, these are all public agencies who are members in CAMP.

The City of Los Altos has its own investment policy; we manage their portfolio pursuant to that policy. The City has different preferences and uses a different vehicle for liquidity. We take our fiduciary role very seriously. We serve as the investment manager for CAMP fund too, but respect that clients make their own decisions.

PFM is the investment advisor to CAMP, not to NCLA. If you invest in CAMP you will talk to PFM employees to withdraw funds or for other operational needs.

Our fees are based on average assets under management. The expense ratio is 13 basis points, which includes all expenses for the fund, including US Bank, Ernst & Young, etc. Members receive that net yield. We do not charge a transaction fee. Also, our fee schedule takes into account break points; fees are discounted as assets grow.

In terms of fund performance, like all investments, the yield fluctuates. Investments turn over every 47 days. We have to buy new investments frequently. The CAMP rate has followed the same trajectory as federal interest rates. As interest rates rise, the yield is rising. Soon rates will plateau, as rates go down, the yield will go down.

In comparison to LAIF, currently, CAMP is out-yielding LAIF right now. The end of this quarter shows yields of 2.59 vs. 2.39. It takes LAIF longer to buy, with a longer average life of investment. I don't have information about the Santa Clara County pool. However CAMP has been a strong competitor income-wise. I will provide fund performance data.

The benefit of diversification dwindles for smaller size investments. The pool provides diverse investments. Whereas a managed portfolio, with higher expenses, does not fit as well for smaller investments. Right now we see short term pools are doing better; it is an unusual anomalous yield environment right now.

We are in the market every day. Between March 1 and April 29, CAMP gained \$800 million dollars. We bought more investments in that time.

Currently we advise the City; would not recommend a separately managed account for NCLA, costs will overwhelm the results. In reference to the trend chart provided by PFM at the February NCLA meeting, the current City investments have a maturity of 1-3 years. Short-term pools like LAIF, CAMP are providing income that exceeds the longer-term investments due to the anomaly we discussed previously. That's simply a function of market conditions – short term yields have risen so fast. The chart shows positive trajectory, but the portfolio is weighted down because of purchases made 2-3 years ago when yields were lower. The strategy of Los Altos is not to turn the portfolio over quickly. This is a more measured, conservative investment, consistent with their policy.

In terms of withdrawing from the City co-mingled fund, typically the client will have a goal to raise a specific amount of money at a certain time. We can't say to take a maturity at a certain time. It is recommended NCLA talk to the Los Altos staff, and they will consult with PFM. This portfolio is not managed on a cash flow basis.

The group thanked Ms. Spyke for her presence and presentation. She will send recent history on CAMP fund performance. Board discussion continued.

- NCLA recently learned about CAMP as an investment option. In May 2016 NCLA considered investing in the Santa Clara County Fund. In the Santa Clara Pool, public agencies who invest hold their own account. The Santa Clara County Library District invests funds and also use their banking services.
- Chuck Griffen, Financial & Administrative Services Manager at SCCLibrary District: We have our own account in the Santa Clara County investment fund, interest is posted to this account and has shown a good yield lately. We also use their banking services – they will direct pay to our vendors electronically.
- The Santa Clara County Fire District also invests with the County Fund. They also use the electronic vendor pay capability. The Santa Clara County fund invests co-mingled funds over \$8 billion. Handout of table prepared by Santa Clara County staff to demonstrate the return NCLA could have received, based on actual County fund performance, if we had invested our \$3.132 million in their fund. This shows an increase of 3.88% from September 2016 to 3/31/19.
- The Board requested Liaison Scott prepare comparison chart of the investment options. Factors to include: reporting timeframes and process, fees, liquidity, how to deposit, how to withdraw, direct pay to vendors electronically.
- A request will be made for a representative from the Santa Clara County investment fund to attend the next NCLA meeting.

3. Agenda Item 3 – Task Force Update

Vice President Hill provided an update. The Task Force has returned to bi-monthly meetings on the 2nd and 4th Tuesday of the month (no longer weekly). The RFQ for consultant services phase I is in final review process. It will be sent out soon to 3 consulting firms. Marlene and County staff may suggest others to send to. And the RFQ will be posted online.

The Task Force has revised the budget downwards slightly. They have reduced legal fees and reduced the construction for contingency costs in areas except for construction. They will ask the new consultant to review the budget.

Task Force members are working on responses to questions from the Los Altos City Council.

4. Agenda Item 4 – Future NCLA Meeting Schedule

The next meeting will be held Monday, May 20th at 6 pm in the Orchard Room. Agenda Items:

- Adoption of NCLA Budget for FY 19-20

- Approval of budget-related memoranda
- Continue review of investment strategy
- Task Force Update

Question from Board Member Fligor: Has the public comment provided by Mr. Steinle been communicated to the Task Force?

Vice President Hill: Yes, he has provided similar comments to the Task Force.

Meeting adjourned at 7:20 pm.

March 31, 2019



Pool Fact Sheet

CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services.

CASH RESERVE PORTFOLIO (POOL)

A short-term cash reserve portfolio and cash management vehicle permitted as an investment for all local agencies under California Government Code Section 53601(p).

INVESTMENT OBJECTIVE

To earn a high rate of return while preserving principal, providing liquidity and seeking a stable NAV of \$1.00.

INVESTMENT PHILOSOPHY

Through diligent market analysis and careful duration management, we can help public agencies, typically limited to a conservative investment universe, maximize their income potential while maintaining stability of principal and liquidity.

POOL FACTS

As of March 31, 2019

7-Day Net Yield ¹	2.59%
Monthly Distribution Yield ²	2.61%
Weighted Average Maturity ³	47 Days
Fund Rating ⁴	AAAm by Standard and Poor's

SERVICE PROVIDERS

Investment Adviser, Administrator and Transfer Agent:
PFM Asset Management LLC

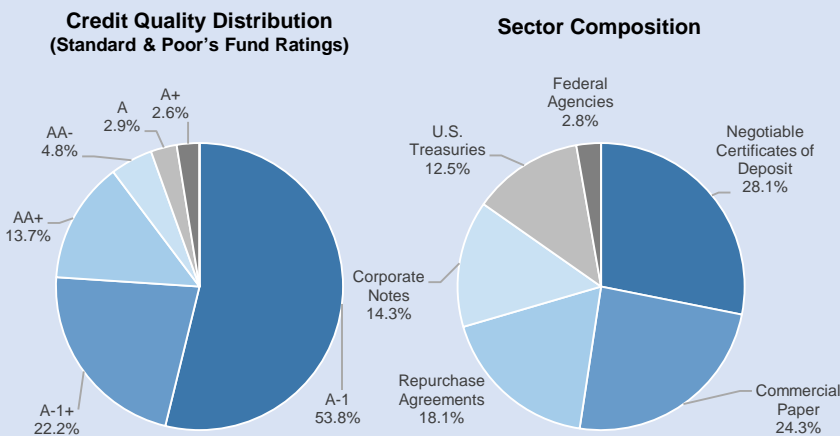
Distributor: PFM Fund Distributors, Inc

Depository and Custodian: U.S. Bank, N.A.

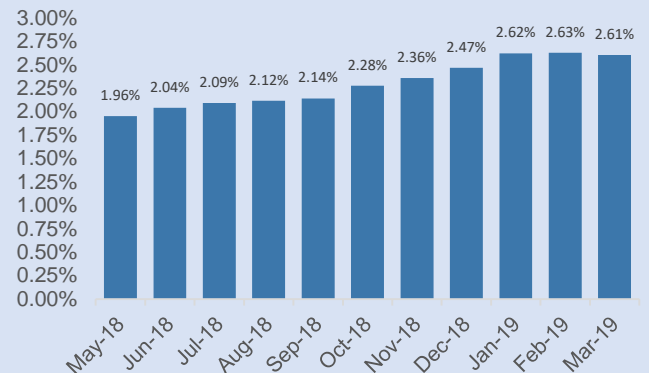
Independent Registered Public Accounting Firm:
Ernst & Young LLC

Counsel:
Nossaman LLP

Fund Diversification as of March 31, 2019



Performance (30-Day Net Yield⁵ %)



¹ 7-day net yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

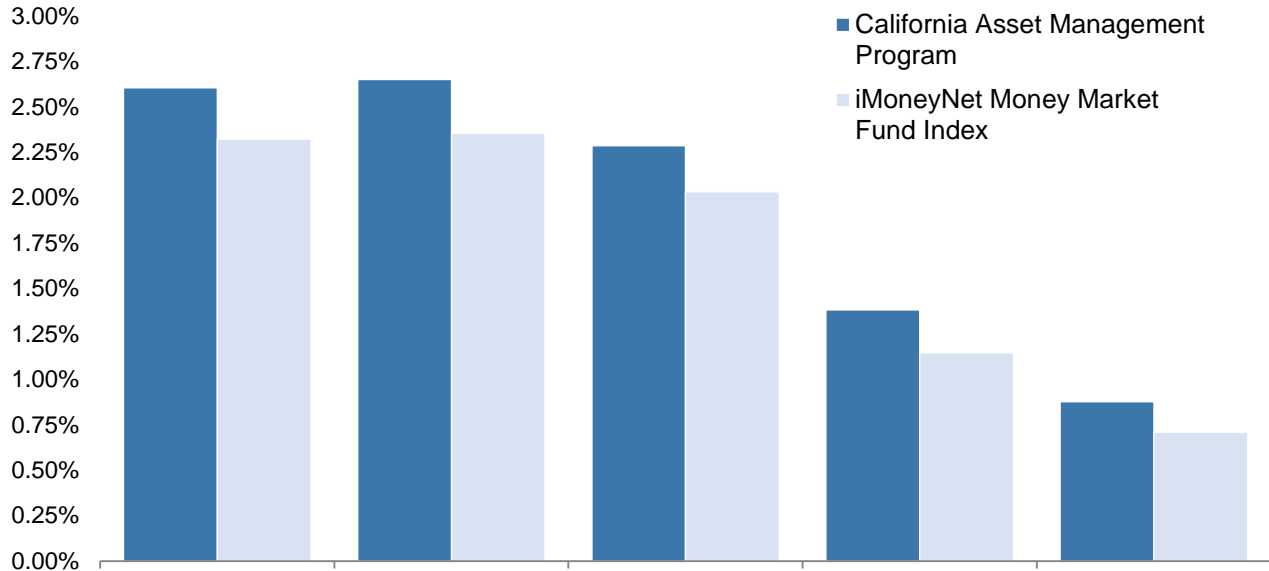
² The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally \$1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

³ Weighted Average Maturity: Calculated by the final maturity for a security held in the portfolio and the interest rate reset date. This is a way to measure a fund's sensitivity to potential interest rate changes.

⁴ Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAm rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit Standard & Poor's website (http://www.standardandpoors.com/ratings/en_US/web/guest/home).

⁵ As of the last day of the month. The 30-day yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a thirty-day base period expressed as a percentage of the value of one share at the beginning of the thirty-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 30.

Average Annual Return as of March 31, 2019



	Month	3-Month	1-Year	3-Year	5-Year
California Asset Management Program	2.61%	2.65%	2.29%	1.38%	0.88%
iMoney Market Fund Index	2.32%	2.35%	2.03%	1.15%	0.71%

Must be preceded or accompanied by a Program Guide. For a current Program Guide, which contains more complete information, please visit <http://www.camponline.com/> or call 800-729-7665. Before investing, consider the investment objectives, risks, charges and expenses of the pool carefully. This and other information can be found in the Program Guide. Read the Program Guide carefully before you invest or send money.

¹Source: iMoneyNet First Tier Institutional Money Market Fund Average. This index is comprised of funds rated in the top grade that invest in high-quality financial instruments with dollar-weighted average maturities of less than 60 days. It is not possible to invest directly in such an index.

Past performance is no guarantee of future results. Yields will fluctuate as market conditions change. The current fund performance may be higher or lower than that cited. The yields shown may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Pool. Pool yields would be lower if there were no such waivers. Important disclosure information is provided on the following page.

This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at www.camponline.com. While the Trust seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.