



## **RECORD OF PROCEEDINGS**

### **Meeting Minutes Michigan Cooperative Liquid Assets Securities System Board of Trustees December 15, 2017**

A Regular Meeting of the Board of Trustees ("Board") of the Michigan Cooperative Liquid Assets Securities System ("Michigan CLASS") was held at 1:00 p.m. on Friday, December 15, 2017 at The MGM Grand Detroit, 1777 Third Street, Detroit, MI 48226.

#### **Board Members Present:**

- Mr. Jeff Anderson
- Ms. Kelly Corbett
- Mr. Jeffrey Budd
- Mr. Bruce Malinczak
- Ms. Holly Moon
- Mr. Bradley Slagh
- Ms. Glenna MacDonald
- Mr. Edward Sell
- Mr. Joe Snyder
- Ms. Julie Omer
- Ms. Susan Daugherty
- Ms. Karen Coffman
- Mr. Scott Taylor (phone)

#### **Board Members Absent:**

- None

#### **Staff Present:**

- Mr. Randy Palomba, Public Trust Advisors, LLC
- Mr. Greg Wright, Public Trust Advisors, LLC
- Mr. Chris DeBow, Public Trust Advisors, LLC
- Mr. Matthew Starr, Public Trust Advisors, LLC
- Mr. Richard Garay, Public Trust Advisors, LLC
- Ms. Kristin Angel, Public Trust Advisors, LLC
- Ms. Anneliese Williams, Barnes & Thornburg, LLP (phone)

#### **Others Present:**

- None



**1. Roll Call of the Members**

Chairman Budd called the meeting, which was duly posted, to order at 1:00 p.m. It was determined that a quorum was present.

**2. Approval of Agenda**

Ms. MacDonald moved to approve the agenda as presented, Mr. Anderson seconded the motion, which passed unanimously.

**3. Comments from the Public or Other Interested Parties**

None

**4. Consent Agenda**

Upon a motion made by Ms. Moon and a second from Ms. Omer, the Board unanimously approved the consent agenda as presented.

Mr. Palomba reviewed several new names on the approved commercial paper issuer list.

**5. Board of Trustee Action Items**

**A. Resolution 17-04: Resolution Increasing the Number of Trustees**

The 2017 Michigan CLASS Board of Trustees Election resulted in a three-way tie for the final two open positions. The Michigan CLASS Participation Agreement allows for 9-13 Board members and there are currently 12 members.

Upon learning the election results, the Michigan CLASS Executive Committee discussed the results and tie breaking options with staff and the Board's legal counsel. As a result of those discussions the Committee recommends that the Board vote to expand its membership from 12 to 13 members to resolve the tie.

With a motion made by Ms. Corbett and a second from Ms. MacDonald, the Board approved Resolution 17-04. *(Members Omer and Snyder abstained)*

**B. Resolution 17-05: Ratification of Election Results**

With a motion from Ms. Moon, supported by Ms. Daugherty, the Board unanimously approved the results of the 2017 Board of Trustee Election.

Mr. Anderson, Ms. Moon, Ms. Omer, Mr. Snyder and Ms. Coffman will serve terms effective at this meeting and ending at the last Board meeting of 2020.

**C. Resolution 17-06: Appointment of Board Officers and Committees**

Mr. Budd announced that he would not accept a nomination to serve as Chairperson again for the upcoming year. The Board and present staff thanked him for his many years of leadership as Chairperson.

Ms. Corbett made a motion to elect Mr. Sell as the new Chairperson, the motion was seconded by Mr. Anderson and supported unanimously.



Upon a motion by Mr. Budd and a second from Ms. Omer, Ms. Corbett was unanimously elected to serve as Vice-Chairperson.

With a motion from Ms. Omer and a second by Ms. Moon, Mr. Slagh and Ms. MacDonald were unanimously reappointed to their respective positions as Secretary and Treasurer.

Lastly, with a motion from Ms. Omer and a support by Ms. Moon, it was determined that the members of the Michigan CLASS Audit Committee (MacDonald, Malinczak and Taylor) as well as the Michigan CLASS Elections Committee (Budd, Slagh and MacDonald) would remain intact for the coming year. Unanimously approved.

*Mr. Sell assumed duties as Chairperson.*

**6. Staff Reports – Economic Overview and Fund Overview**

Mr. Palomba discussed the U.S. economy, the impact of the Federal Open Market Committee's (FOMC) decision to increase in the fed funds target rate. He also reviewed the detailed financial updates that were included in the Board packet regarding market overview, fund safety, liquidity and yield.

**7. General Board of Trustee Items**

**A. Strategic Engagement with Participants, Potential Participants and State of Michigan Representative**

Mr. Budd and Mr. Anderson discussed recent experiences where they had been a part of a large email thread where peers statewide had been very complimentary of Michigan CLASS. Ms. Moon noted that she had recently worked with a prospect who could not believe the difference in earnings compared to their current yields at local institutions.

**B. Review of Governance Policy – Protect**

The Board of Trustees annually reviews Protect Policy, no changes were recommended at this time.

**C. Review of the Michigan CLASS Participation Agreement**

The recent election results prompted further discussions surrounding the potential for amendments to the Michigan CLASS Participation Agreement (PA), particularly to provide for specific tie-breaking measures. Ms. Williams discussed several options for the Board to consider with respect to the PA, and noted that specific changes to the elections section of the PA would require majority consent of all active fund Participants.

After some discussion, the Board recommended that staff draft a public facing Elections Policy for the Board to review prior to its next regularly scheduled meeting. The Policy will detail the election process, including the nominations schedule, the duties of the Elections Committee and tie-breaking processes.



In addition, the Board of Trustees will conduct independent reviews of the current PA. They directed staff to arrange for a separate meeting to be held in conjunction with the next regularly scheduled Board meeting (March 2018) for the purposes of discussing any recommended alterations to the PA.

**D. Review of Michigan CLASS Investment Policy**

The Board conducts an annual review of its Investment Policy to ensure compliance with all state law. Staff reported that the policy is in good-standing.

**8. Discussion Items**

**A. Michigan CLASS Policy Manual Outline**

Staff presented an outline of additional policies for the Board to consider during the 2018 calendar year.

**B. Michigan CLASS Election Policy**

Discussed under item (7C). Staff provided an example of an election policy utilized by the Colorado Local Government Liquid Asset Trust (COLOTRUST).

**C. 2018 Board Meeting Calendar**

The March, 23<sup>rd</sup> 2018 meeting will be held in Grand Rapids, the June 22<sup>nd</sup> meeting in Lansing, the September 28<sup>th</sup> and December 13<sup>th</sup> dates were confirmed, location will be determined in March.

**D. Standard and Poor's Ratings Profile**

Staff provided a copy of the most recent 'AAAm' rating affirmation from Standard and Poor's Ratings Services.

**E. Michigan CLASS Website**

The new website is still in development and will be launched during the first quarter of 2018.

**F. March 2018 Board Meeting**

The regularly scheduled March meeting will be held on Friday, March 23<sup>rd</sup> in Grand Rapids, MI.

**G. Other Items**

None.

**9. Board Committee Updates**

None

**10. Board Advocacy Updates**

Ms. Coffman complimented staff on the recent marketing emails, particularly the rate updates. She indicated that she was forwarding them on to the public entities throughout Jackson County.



**11. General Business**

**A. Chairman Report**

No report.

**B. Treasurer's Report**

Ms. MacDonald reported that she had reviewed both the 2017 Board Expenses as well as the proposed Board budget for 2018. Ms. Moon made a motion for acceptance as presented, support by Mr. Snyder, unanimous approval.

**C. Individual Trustee**

No reports.

**D. Legal Counsel Comments**

Nothing further from Counsel. Mr. DeBow discussed Public Trust's work with Barnes & Thornburg regarding the legality of certain investment types in Michigan CLASS. Staff will provide a full report at the March 2018 meeting.

**12. Administrator Updates**

**Staff Report – General Administration**

**A. Marketing Report**

Ms. Angel and Mr. Garay provided a marketing update on assets under management, new Participants, underfunded Participants, entity distribution, conferences and events.

**B. Marketing Initiatives**

Staff provided copies of the most recently distributed Investor Newsletters and electronic marketing. Additionally, staff discussed the recent launch of the new customer relationship management tool (CRM).

**C. Tasks and Projects**

Staff provided a list of Michigan CLASS related projects.

**D. Public Trust Updates**

With recent additions to national sales staff, client services and to the credit team, Public Trust recently eclipsed 50 full-time employees.

Staff thanked the Board of Trustees for their partnership, and once again thanked Mr. Budd for his years of leadership and support as Board Chair.

**E. Other Items**

None

**13. Executive Session**

None



**14. Adjournment**

Upon a motion by Mr. Budd and a second by Mr. Anderson the meeting was adjourned at 4:21 p.m.

These are the official Minutes of the Michigan CLASS Board of Trustees meeting December 15, 2017.

Signed: \_\_\_\_\_

Bradley Slagh, Secretary

Date: March 23, 2018

Minutes taken by: Matthew Starr

Minutes prepared by: Matthew Starr