

City National Rochdale®

 AN RBC/CITY NATIONAL COMPANY



December 2020

REQUEST FOR PROPOSAL Executive Summary

El Camino Real Alliance



Executive Summary – Corporate Co-Trustee Services

City National Retirement Services Overview

- Retirement, Benefit, and Business Trust services provided since 1972
- Open architecture facilitates Custody, Custody and Corporate Trustee, Investment Management, Paying Agent and/or Non-Real Estate Escrow services for Retirement, Benefit, and Business Trusts
- Trustee Services provided on \$1.1 billion in assets under custody (12/2020)
- Trust Officers average 27 years experience in Trustee Services, average tenure with City National 11 years
- Dedicated ‘single point of contact’ service team (Trust Officer and Administrator) supports each relationship
- Service center located at City National Plaza, 555 S Flower Street, Los Angeles, CA 90071

Your Dedicated Service Team

- Erica B. Anderson, CEBS, CTFA – Vice President and Trust Office
- Marlon Tolentino, Assistant Vice President and Trust Administrator

Experience

30 Years
15 Years

City National Trustee Service Summary

- City National Bank shall hold principal of the Trust, and any earnings thereon, separate and apart from other Funds of El Camino Real Alliance (“ECRA”), to be used exclusively for the uses and purposes of the El Camino Real Alliance Public School Employee Retirement Healthcare Benefits Trust.
- Accurate, detailed records of all investments, receipts, disbursements, and all other transactions required to be made shall be maintained on Trust, delivered to the ECRA Executive Director, Trustee(s), and/or Authorized Officer(s) following the close of each month and at year-end. Designated recipients can elect to receive statements, reports, and documents electronically through secure City National platforms.

Executive Summary – Corporate Co-Trustee Services

City National Trustee Service Summary (cont.)

- City National Bank shall hold principal of the Trust, and any earnings thereon, separate and apart from other Funds of El Camino Real Alliance (“ECRA”), to be used exclusively for the uses and purposes of the El Camino Real Alliance Public School Employee Retirement Healthcare Benefits Trust.
- Accurate, detailed records of all investments, receipts, disbursements, and all other transactions required to be made shall be maintained on Trust, delivered to the ECRA Executive Director, Trustee(s), and/or Authorized Officer(s) following the close of each month and at year-end. Designated recipients can elect to receive statements, reports, and documents electronically through secure City National platforms.
- Reports include, but are not limited to:
 - > Holdings by asset class (market and cost);
 - > Individual asset holdings (market and cost);
 - > Asset purchases and divestments;
 - > Investment income (gross and net of fees);
 - > Trust deposits and withdrawals;
 - > Expenses paid on behalf of the Trust; and
 - > Commission expenses incurred, listed by broker (custom).
- Customized Plan service solution designed and implemented to ensure efficient, transparent cash management and expense management and reporting; can include City National deposit and/or treasury services
- Onboarding and ongoing Trust administrative support for both ECRA and external service providers (external investment manager(s), administrator(s), contractors or vendors, as applicable)
- Annual Fee Estimate for Trustee Services (stand alone) \$24,120.00; Managed Trustee Services \$127,350.00
(see proposal for detailed analysis)

Executive Summary – Investment Management

City National Rochdale Background

- 1986 organized Rochdale Investment Management
- 2013 Rochdale Investment Management acquired by City National Bank formed City National Rochdale (CNR)
- 2015 Royal Bank of Canada completed its acquisition of City National Bank

City National Rochdale Overview

- Over 30 years as a boutique investment management firm servicing high net-worth, families, and non-profit organizations
- Over \$45 billion in assets under management
- CNR headquarters is located in 400 N. Roxbury Drive, Beverly Hills, CA 90210
- Additional locations – New York, La Jolla, Irvine, San Francisco, Lake Mary, Chicago and Houston

What Distinguished City National Rochdale?

- Private Portfolio Manager – Direct and ongoing relationship with a private portfolio manager team
- Fiduciary Responsibilities – Prudent experts act in the best interest and within the guidelines of the IPS
- Intelligently Personalized Portfolios – Every portfolio is customized to the client's investment objectives based on the Investment Policy Statement
- Asset Allocation Discipline – Top down asset allocation guidance based on Asset Allocation Committee
- Risk Management – Portfolio is actively managed by strategically rebalancing assets and adjusting allocations

Executive Summary – Investment Management

Asset Allocation Committee

- Tom Galvin, CFA - Chief Investment Officer
- Garrett D' Alessandro, CFA – Chief Executive Officer & President
- Greg Kaplan, CFA – Head of Fixed Income
- Paul Single – Managing Director, Senior Portfolio Manager
- David Abella , CFA – Managing Director, Senior Portfolio Manager
- Charles Luke, CFA – Managing Director, Senior Portfolio Manager

Experience

36 Years
38 Years
29 Years
37 Years
25 Years
12 Years

Local Portfolio Management Team

- Brian Hsieh, CFA – Director, Senior Investment Strategist
- Charles Boettcher – Managing Director, Southwest Lead Portfolio Manager
- Robert Harder – Director, Senior Fixed Income Portfolio Manager

Experience

25 Years
25 Years
25 Years +

Executive Summary – Investment Management

Investment Policy Statement

- As part of our disciplined investment practice, the team would work with your organization to review, refine and when necessary, help formulate and update a clear, disciplined and enforceable IPS. The IPS provides clear guidelines of the investment risk/return objectives, time horizon, income needs, legal and/or tax considerations and any other portfolio preferences.

Asset Allocation Process

- CNR's investment committee and team of portfolio managers conducts proprietary fundamental research to inform our active management approach. We focus on the outlook for the global economy, as well as the stock and bond markets, to set the near-term and long-term asset allocation.

Investment Strategies

- Investment strategies include Equities, Fixed Income, Real Assets and Alternatives
- Many strategies are offered in a boutique and unique approach that other firms do not offer

Executive Summary – Investment Management

Recommended Asset Allocation – El Camino Alliance

▪ **General Account**

- (1) Portfolio objective is to achieve a balance between income and growth while preserving capital.
- (2) Allowed IPS portfolio allocation aligns with the CNR Conservative Growth and Income strategy
- (3) Allocation Recommendation – 10% Equities, 54% Core Fixed Income, 31% Opportunistic Credit, 5% Alternatives
- (4) Historical Performance (gross) 1 Year +3.3%, 3 Year +3.9%, 5 Year +4.2%, 10 Year +4.0%

▪ **El Camino Real Alliance Public School Employee Retirement Healthcare Benefits Trust Account (OPEB)**

- (1) Portfolio objective is to achieve growth equal to the actuarial return on assets assumption while preserving capital
- (2) Allowed IPS portfolio allocation aligns with the CNR Growth and Income strategy
- (3) Allocation Recommendation – 55% Equities, 30% Core Fixed Income, 10% Opportunistic Credit, 5% Alternatives
- (4) Historical Performance (gross) 1 Year +4.9%, 3 Year +6.4%, 5 Year +7.8%, 10 Year +7.6%

Executive Summary – Investment Management

Performance Reporting

- CNR provides a personalized reporting, evaluation, and review plan as determined by your organization's specific needs and expectations. Performance reports are typically available monthly, however, the frequency can be increased based on your preference/needs.

Portfolio Review

- Portfolio reviews are typically performed quarterly but they can be arranged more or less frequently depending on your availability and in a manner of your choosing. During the portfolio review meeting the agenda usually includes the following:
 - Any updates from the your organization that could affect cash needs, risk tolerance, or time horizon
 - CNR Market & Economic Outlook
 - Portfolio performance
 - Noteworthy transactions
 - Strategic recommendations and policy alignment (current allocation vs. target)
 - Annual Investment Policy Statement review

Investment Management Fees

- Please review Co-Trustee Executive Summary