

STAFF REPORT



MEETING DATE:	September 5, 2024
SUBJECT:	Receive Report on California Cooperative Liquid Assets Securities System (CLASS) and Provide Direction to Staff on Potential Inclusion in the Agency's Investment Portfolio
AGENDA ITEM:	5
STAFF CONTACT:	Jessica Carlson, Chief Fiscal Officer

SUMMARY:

Staff is seeking input from the Fiscal and Policy Committee as to whether the California Cooperative Liquid Assets Securities System (CLASS) should be considered for addition to the agency's investment pools to take advantage of increased rates of return and further diversify its portfolio, in alignment with SRTA's investment policy (section 2.15.040). With the Committee's approval, staff will prepare a complete proposal report for consideration at the October Fiscal & Policy Committee meeting.

STAFF RECOMMENDATION:

It is recommended that the Fiscal & Policy Committee:

1. Receive a report and presentation from California Cooperative Liquid Assets Securities System (CLASS) representatives to introduce a potential investment alternative for SRTA's restricted and reserve funds;
2. Receive report from staff on potential benefits of CLASS participation; and
3. Discuss and provide direction to staff regarding potential preparation of a draft proposal report and any other documents necessary to facilitate potential inclusion of CLASS to SRTA's investment portfolio.

DISCUSSION:

Background – SRTA administers and maintains reserve funds and various capital regional funds across various accounts with the County treasury, and Umpqua and Five Star Banks. This diversification strategy serves multiple purposes including enhancing safety, ensuring access to funds, and optimizing yield. Staff has researched investment alternatives that could yield better returns than where SRTA already invests, such as the Local Agency Investment Fund (LAIF) and the California Cooperative Liquid Assets Securities System (California CLASS). California CLASS stands out among these options, providing public agencies with an additional diversification avenue for both daily liquidity and strategic reserve investments. This program is jointly sponsored by the California Special Districts Association (CSDA) and the League of California Cities.

The California CLASS program is authorized under California Government Code Section 6509.7, where a Joint Powers Authority (JPA) can be formed to issue shares of beneficial interest to

participating public agencies. The JPA must retain an investment advisor that meets the following requirements:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission;
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive, of Section 53601; and,
3. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

The CLASS investment adviser is Public Trust Advisors, who provide investment expertise for their portfolio with Local Government Investment Pools (LGIPs), like California CLASS, in 12 different states with over \$81 billion in assets under management and the largest LGIP in the nation. California CLASS was created in July 2022, joining the other state CLASS pools, specifically designed to meet the growing investment needs of California public agencies. The program provides an opportunity for agencies to invest cooperatively in rated pools managed in accordance with state laws. Primary objectives of California CLASS include safety of investment principle, daily and next-day liquidity, and optimized returns for participants.

Investment Options – The fund operates with transparent governance guided by a Board of Trustees composed of public finance officials. Participation in California CLASS is open to all public agencies in California that have the authority to invest their treasury funds under California Government Code Section 6500. California CLASS offers two investment fund options:

1. **Prime Portfolio** – The Prime Portfolio aims to generate investment income for everyday funds. Prime strives to earn a competitive rate of return while maintaining liquidity, preserving capital, and a stable Net Asset Value (NAV) of \$1.00, which preserves the principal from being lost. The highest principal stability fund rating (AAAm) is assigned by S&P Global Ratings to California CLASS Prime underscores its safety and stability.
2. **Enhanced Cash** – The Enhanced Cash Fund is a next-day liquidity investment option designed for participants who seek to generate a higher yield while complementing the daily liquidity offered by the California CLASS Prime Portfolio. This investment fund is designed for investors with slightly longer investment horizons and the ability to tolerate a higher risk profile. For example, this is best suited for non-operating dollars and strategic reserves that a public agency would not anticipate withdrawing for 12-18 months. The California Class Enhanced Cash portfolio has designated a \$10.00 transactional share price to differentiate the portfolio from a traditional \$1.00 stable NAV fund. This fund received the highest rated AAAf/S1 rating by Fitch Ratings.

The Prime Portfolio aligns strongest with SRTA's investment policy objectives: "to ensure the safety of principal, provide for sufficient liquidity to pay obligations when due and earn a reasonable rate of return on invested funds" (SRTA Policies Section 2.15.040(B)). Since the Enhanced Cash Fund could result in a negative principal balance during the 12-18 month course of investment, it would not be the best option for SRTA's restricted funds. These balances are assigned to board approved projects and need the liquidity to draw on those funds in their

entirety at any time that the other eligibility requirements are met by the sub-recipient. However, the Enhanced Cash Fund could be a possible future alternative when SRTA has funds in reserve that remain in SRTA's possession for more than one year, are solely under the ownership of SRTA, are unassigned, and not promised to another entity (e.g., Non-Motorized, Building and Planning Reserves, STIP repayments to SRTA).

The Prime Portfolio provides daily liquidity, no minimum or maximum investment limits, unlimited withdrawals and accounts, and interest accruals calculated daily and paid once a month. The daily interest accruals are an attractive feature for SRTA, as the reimbursement requests from sub-recipients are infrequent, mostly unpredictable, and are typically very large amounts. Further, California CLASS currently has a historical average yield that is 80-90 points higher than the LAIF rate, which is what SRTA receives, per agreement, on Five Star Bank Public Money Market accounts that SRTA holds with Five Star.

Example Financial Analysis – Interest on SRTA's current investment pools only accrue on month-end balances. Withdrawals made during the month significantly impact the amount of interest SRTA may accrue. As an illustration, in June 2024, the California CLASS Prime Portfolio had a prime rate of 5.59%. Assume one of the accounts at Five Star was invested in the Prime Portfolio instead and had a balance of \$4.5 million on June 1. Then a sub-recipient requested a \$2 million reimbursement on June 25. SRTA would have accrued \$16,540.27 in interest on the \$4.5 million balance during the first 24 days of the month, and \$2,297.26 in interest on the remaining \$2.5 million in the final five days of the month, for a total of \$18,837.53. Comparing that to SRTA's current investments, the LAIF had a maximum interest of only 4.48% for June 2024, which Five Star matches each month. SRTA would have accrued less than half of that (\$9,333.33) in interest on the month-end balance of \$2.5M. The graphic below illustrates this concept.

	CLASS		LAIF (Five Star)
P= Principal	\$4,500,000 (for 24 days)	\$2,500,000 (for 6 days)	\$2,500,000 ending balance June 30
R=Interest Rate	5.59%		4.48%
N=No. of compounds per year	24	days @ \$4.5M	1 end of month accrual
A= No. of compounds in accrual period	6	days @ \$2.5M	
Interest Accrued = $(P*(R/N))*A$	\$16,540.27	$=(\$4.5M*(.0559/365)*24)$	
	\$2,297.26	$=(\$2.5M*(.0559/365)*6)$	
	\$18,837.53		\$9,333.33 $=(\$2.5M*(.0448/12))$

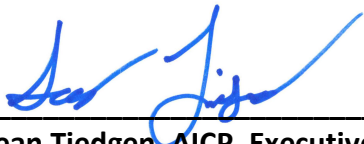
Potential Next Steps – The California Class program presents an opportunity to maximize interest earned on taxpayer dollars received for transportation projects while guaranteeing original federal and state disbursements are retained. This could increase funds that can be used toward streets and roads projects, transit operations and capital, and active transportation projects. Staff seeks input from the Fiscal & Policy Committee on whether to pursue a more in-depth study of adding California CLASS to SRTA's investment portfolio, which may include a draft investment proposal with recommendations on initial funds available to transfer, resolutions, recommended

policy revisions (where applicable), and supporting documentation by the October 2024, board of directors meeting.

ALTERNATIVES: The Fiscal and Policy Committee can seek clarification on the information presented, can request more information to be presented at a future meeting, or decline to seek participation in California CLASS.

FISCAL IMPACT: There is no guarantee on the amount of interest earned on investments as rates vary and are subject to change by a variety of factors outside the agency's control. California CLASS has the potential to increase interest rates of return on funds SRTA holds and administers on behalf of the region compared to other public money market accounts, which could result in additional funds that can be used toward streets and roads, transit, and active transportation projects.

Note that the FDIC or any other government agency does not insure or guarantee an investment in California CLASS. Past fund performance is not a guarantee of future results. Any financial and/or investment decision may incur losses.



Sean Tiedgen, AICP, Executive Director

Attachments:

- A:** California CLASS Highlights
- B:** California CLASS Pool Fact Sheet
- C:** California CLASS Features and Benefits
- D:** California CLASS Participant List
- E:** California CLASS PRIME Pool Rate Sheet
- F:** California CLASS Prime Fund Information
- G:** California CLASS Enhanced Cash Fund Information
- H:** SRTA's Investment Policy Section 2.15.040

California CLASS

HIGHLIGHTS

*A California Joint Powers Authority
Investment Pool Designed with You in Mind*

TWO PORTFOLIOS
Prime-style and Enhanced Cash

WHO WE ARE

California CLASS was created as a joint powers authority investment pool with a focus on safety, liquidity, convenience, and a competitive yield. The program provides daily liquidity, and our Participants can view/access their account information 24/7 online. Both portfolios offered by California CLASS are 'AAA' rated by nationally recognized statistical ratings organizations.

CLIENT FOCUSED

California CLASS provides exceptional, personalized service, and we consider ourselves to be an extension of your team; our dedicated Investment Services Directors and Client Service Department are with you every step of the way. The fund's cut-off time is 11:00 a.m. PT for seamless transacting.

2022

A PUBLIC FUNDS INVESTMENT SOLUTION

Established in 2022, California CLASS serves California public agencies and can be a great tool for enhancing your agency's portfolios' diversification.

179

SERVING YOUR PEERS

California CLASS currently serves over 170 public agencies throughout the state just like yours.

\$1.7b

ASSETS UNDER MANAGEMENT

California CLASS currently manages approximately \$2 billion in the California CLASS Prime Fund portfolio.

\$30m

INVESTMENT INCOME EARNED

The California CLASS Prime Fund earned over \$30 million in investment income for the calendar year of 2023.

CONTACT US



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INVESTING MADE EASY

An investment solution designed for your public agency.

Investment Option	California CLASS Prime	California CLASS Enhanced Cash
PortfolioType	Prime-Style	Enhanced Cash
Purpose	Operating Funds	Strategic Reserves
Rating	'AAAm'	'AAAF/S1'
Liquidity Offered	Daily	Next-Day
Min/Max Investment	None	None
Withdrawals	Unlimited	Unlimited
Accounts	Unlimited	Unlimited
Investment Horizon	Day-to-Day	12-18 Months
WAM	≤60 days	90-200 days
Net Asset Value (NAV)	Stable \$1.00 per share	Fluctuating

A PROFESSIONALLY MANAGED INVESTMENT OPTION

Our service providers have been carefully selected with the goal of creating an excellent investment experience. Public Trust Advisors, LLC (Public Trust) provides the investment advisory and administration for California CLASS and has provided these services nationwide for more than a decade.

AT A GLANCE

CLIENTS LIKE CALIFORNIA CLASS	SERVICES PROVIDED
COLOTRUST	Administration & Investment Advisory
FLCLASS	Administration & Investment Advisory
LAMP	Administration
Michigan CLASS	Administration & Investment Advisory
Nebraska CLASS	Administration & Investment Advisory
North Carolina CLASS	Administration & Investment Advisory
NYCLASS	Administration & Investment Advisory
STAR Ohio	Consulting Services
Texas CLASS	Administration & Investment Advisory
TrustIndiana	Administration & Investment Advisory
VIP	Co-Administration & Investment Advisory
Wyoming CLASS	Administration & Investment Advisory

Firmwide	Serving Approx.	SEC Registered
\$91b	7,579	2011
in Assets Under Management	Local Governments Nationwide	Over 12 years of Operation

OTHER SERVICE PROVIDERS

Orrick	U.S. Bank
Special Legal Counsel	Custodian
Jarvis Fay	Cohen & Co.
General Legal Counsel	Auditor

Public Trust Advisors, LLC began providing services to COLOTRUST in 2012; NYCLASS and Texas CLASS in 2013; Michigan CLASS in 2014; TrustIndiana, FLCLASS, and LAMP in 2015; VIP in 2016; Wyoming CLASS in 2020; Star Ohio in 2021; California CLASS in 2022; and Nebraska CLASS and North Carolina CLASS in 2023.

Data unaudited. Source: Public Trust Advisors, LLC. Data as of 06/30/2024. Charts and/or values presented may not add up precisely to absolute figures due to rounding. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS stable NAV fund(s) seek to preserve the value of your investment at \$1.00 per share, California CLASS cannot guarantee they will do so. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk. Please review the applicable Information Statement(s) before investing. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

Get to Know California CLASS

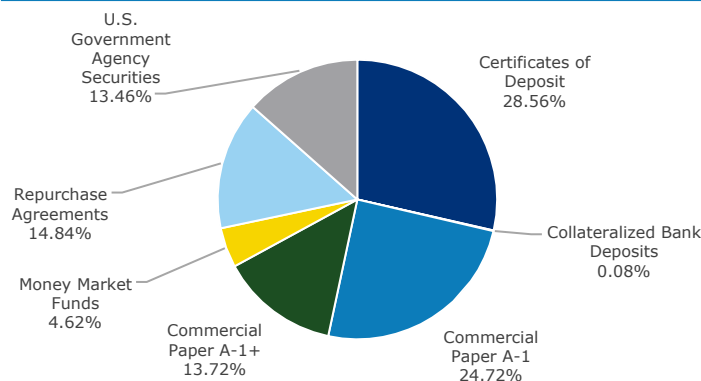
Holistic cash management designed with you in mind

California CLASS is a local government investment pool that was created under the Joint Powers Act. It allows eligible public agencies to invest their funds in a professionally managed Joint Powers Authority.

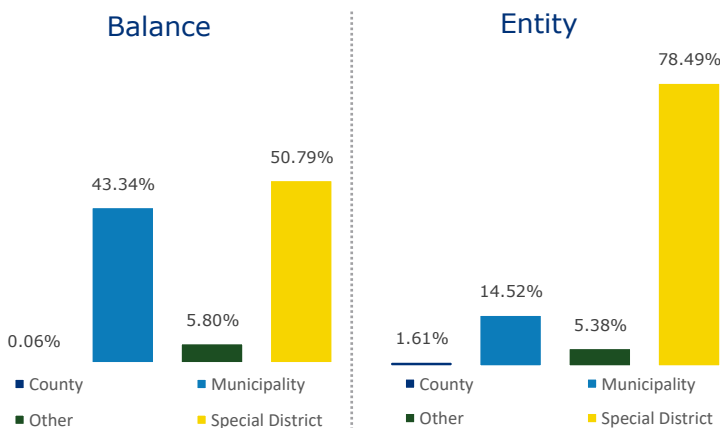
Participation is available to any California public agency under California Government Code 6500 and 6509.7. Investments are made in accordance with California Government Code Section 53601 and the California CLASS Investment Policies.

The California CLASS portfolio investment strategy prioritizes minimizing market risk and enhancing safety via diversified investments. Funds of the Participants are invested in prime or high grade, short-term fixed income instruments as illustrated to the left. We aim to provide competitive yields while adhering to all objectives of safety and liquidity. The California CLASS Prime Fund carries a 'AAAm' rating from S&P Global Ratings.

Portfolio Allocation



Participant Breakdown by Type



California CLASS Board of Trustees

Christina Turner, Chairperson
City Manager
City of Morgan Hill

Ryan Clausnitzer, Vice Chairperson
General Manager
Alameda County Mosquito Abatement District

George Harris, Treasurer
Director of Finance
City of Lancaster

Margaret Moggia, Board Secretary
Finance Manager
Town of Discovery Bay
Community Services District

California CLASS welcomes all public agencies without favor to one type. The Board membership represents the diversity of such agencies and works to maintain a product that services the needs of all California public agencies.

Contact us to get started!
www.californiaclass.com

Source: Public Trust Advisors, LLC. Data as of 07/31/2024. Data unaudited. Charts and/or values presented may not add up precisely to absolute figures due to rounding. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS stable NAV fund(s) seek to preserve the value of your investment at \$1.00 per share, California CLASS cannot guarantee they will do so. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. Ratings are subject to change and do not remove credit risk. Please review the applicable Information Statement(s) before investing. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected with the goal of optimizing yields while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds help assist public agencies in strengthening and diversifying their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

How is it governed and managed?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

How can we participate?

Enrolling in California CLASS is simple. Public agencies may become Participants simply by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at clientservices@californiaclass.com. To obtain account forms and fund documents, visit www.californiaclass.com/document-center/.

Sponsored By:



www.calcities.org



**California Special
Districts Association**
Districts Stronger Together

www.csda.net

CALIFORNIA CLASS FEATURES

**As a California CLASS Participant,
you have access to many
convenient features:**

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Contributions by wire or ACH
- Ratings of 'AAAm' & 'AAAf/S1'
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No redemption notices for Prime Fund
- Participant-to-Participant transactions
- Dividends accrue daily and pay monthly
- No maximum or minimum transaction limits
- No maximum or minimum investment requirements
- No transaction fees*
- Annual audit conducted by independent auditing firm**
- Dedicated client service representatives available via phone or email on any business day

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from California CLASS for such transactions.

**External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



What are the objectives of California CLASS?

Safety

The primary investment objective of the California CLASS Prime Fund is preservation of principal. Both California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for California CLASS is U.S. Bank, N.A.

Liquidity

When you invest in the California CLASS Prime Fund, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the online transaction portal. There are no redemption notices for the daily-liquid California CLASS Prime Fund. The California CLASS Enhanced Cash Fund is a variable NAV fund that provides next-day liquidity and requires a one-day notification of redemption.

Competitive Returns

California CLASS strives to provide competitive yields while adhering to the objectives of safety and liquidity. Participants can benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. The portfolio performance objective is strengthened by the knowledge of

California public agency cash flows that the Public Trust team possesses.

Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day via the California CLASS Online Transaction Portal at www.californiaclass.com.

Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, dividend accruals, and yield summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your records.

Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies.

Have Questions? Contact us or visit www.californiaclass.com for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the California CLASS Information Statement(s) before investing. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Please review the California CLASS Information Statement(s) before investing. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. The California CLASS Prime Fund is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. The California CLASS Enhanced Cash Fund is rated by 'AAAF/SI' by FitchRatings. The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'SI' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'SI' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.

California CLASS Participant List July 2024**Counties**

El Dorado County
Sonoma County Treasurer

Lake County

Municipalities

City of Artesia
City of Beaumont
City of Brentwood
City of Folsom
City of Fullerton
City of Hanford
City of Kingsburg
City of Martinez
City of Morgan Hill
City of Porterville
City of Shafter
City of Solvang
City of Williams
Town of Paradise

City of Barstow
City of Bishop
City of Farmersville
City of Fowler
City of Gilroy
City of Hemet
City of Lancaster
City of Moreno Valley
City of Oroville
City of Santa Ana
City of Signal Hill
City of Wasco
Town of Fort Jones

Other

California CLASS Enhanced Cash
CSDA Finance Corporation
Public Agencies Self-Insurance System
Sewer Authority Mid-Coastside
Special District Risk Management Authority

California Special Districts Association
League of California Cities
Regional Government Services Authority
Special District Leadership Foundation
Tri-County Water Authority

Special Districts

Alameda County Mosquito Abatement District
Altadena Library District
Artesia Cemetery District
Avila Beach Community Services District
Beaumont Library District
Big Bear Airport District

Alpine Fire Protection District
Anderson Springs Community Service District
Atwell Island Water District
Banning Library District
Bell Canyon Community Services District
Bighorn - Desert View Water Agency

California CLASS Participant List July 2024

Bolinas Fire Protection District	Bonita Sunnyside Fire Protection District
Brooktrails Township Community Services District	Cabazon Water District
Camarillo Health Care District	Castroville Cemetery District
Central Fire District of Santa Cruz County	Channel Islands Beach Community Services District
Chester Public Utility District	Chico Area Recreation & Park District
Chino Basin Water Conservation District	Chino Basin Watermaster
City of Big Bear Lake, Department of Water and Power	Clearlake Oaks County Water District
Clovis Veterans Memorial District	Coachella Valley Resources Conversation District
Coalinga - Huron Recreation & Parks District	Coastside Fire Protection District
Contra Costa Mosquito & Vector Control District	Copper Valley Community Services District
Corcoran Irrigation District	Corning Healthcare District
Costa Mesa Sanitary District	Cosumnes Community Services District
Crescenta Valley Water District	Del Puerto Health Care District
Delano Mosquito Abatement District	Delhi County Water District
Desert Recreation District	Durham Irrigation District
East Orange County Water District	Emerald Bay Service District
Fallbrook Regional Health District	Feather River Resource Conservation District
Georgetown Divide P.U.D.	Glenn County Resource Conservation District
Gold Coast Transit District	Gold Mountain Community Services District
Goleta Sanitary District	Grossmont Healthcare District
Groveland Community Services District	Helendale Community Services District
Heritage Ranch Community Services District	Herlong Public Utility District
Hilmar County Water District	Humboldt Bay Municipal Water District
Humboldt Community Services District	Idyllwild Water District
Igo Ono Community Services District	Indian Valley Community Services District
Ironhouse Sanitary District	Kensington Police Protection and Community Services District
Kenwood Fire Protection District	Keyes Community Services District
La Puente Valley County Water District	Lake Oroville Area Public Utility District
Lakeside Fire Protection District	Las Gallinas Valley Sanitary District
Leucadia Wastewater District	Littlerock Creek Irrigation District
Livermore Area Recreation and Park District	Los Alamos Cemetery District
Madera Irrigation District	Mariana Ranchos County Water District
Marina Coast Water District	Mark Twain Health Care District
McKinleyville Community Services District	Mendocino Coast Recreation and Park District

California CLASS Participant List July 2024

Mendocino County Waterworks District II	Midway City Sanitary District
Mission Hills Community Services District	Mojave Water Agency
Murphy's Sanitary District	North County Fire Protection District, San Diego County
North Humboldt Recreation and Park District	North of River Sanitary District No. 1
North Tahoe Public Utility District	Oceano Community Services District
Olympic Valley Public Service District	Orange County Cemetery District
Oxnard Harbor District	Palos Verdes Library District
Paradise Irrigation District	Paradise Recreation & Park District
Phelan Pinon Hills Community Services District	Pico Water District
Pine Grove Community Service District	Pleasant Valley County Water District
Pleasant Valley Recreation and Park District	Rainbow Municipal Water District
Rancho Murieta Community Services District	Rancho Santa Fe Fire Protection District
Reclamation District No. 1000	Resource Conservation District of Greater San Diego County
Rim of the World Recreation and Park District	Rio Linda Elverta Recreation and Park District
Rossmoor Los Alamitos Area Sewer District	San Antonio Basin Water District
San Diego County Citrus Pest Control District	San Gabriel Valley Mosquito and Vector Control District
San Mateo County Mosquito and Vector Control District	San Miguel Consolidated Fire Protection District
San Simeon Community Services District	Santa Cruz Port District
Santa Maria Public Airport District	Santa Maria Valley Water Conservation District
Santa Ynez River Water Conservation District	Scotts Valley Water District
Shandon-San Juan Water District	Sierra Resource Conservation District
South Placer M.U.D.	Stockton East Water District
Tahoe - Truckee Sanitation Agency	Tahoe City Public Utility District
Tehachapi Valley Recreation and Park District	Temecula Public Cemetery District
Templeton Community Services District	Town of Discovery Bay - Community Services District
Trabuco Canyon Water District	Tracy Rural County Fire Protection District
Truckee Donner Recreation and Park District	Truckee Sanitary District
Truckee Tahoe Airport District	Turner Island Water District
Twentynine Palms Water District	Union Public Utility District
Vandenberg Village Community Services District	Ventura River Water District
Vista Fire Protection District	Wallace Community Services District
Weott Community Services District	West Basin Municipal Water District
West County Wastewater District	Western Shasta Resource Conservation District
Williams Fire Protection Authority	Yuima Municipal Water District

California CLASS Participant List July 2024

Total Participants: 188

Disclaimer: This participant list is being made public as a service to our participant base. The listed participants are active as of the end of the month.

Invest with California CLASS Prime

Investing with California CLASS Prime could mean more for your local community.
Use the California CLASS Prime investment calculator to see just how much you could have earned.

Amount Invested

Start Date

End Date

You would have earned

\$4,591.32

on your investment if you started on

July 1, 2024

California CLASS Prime Investment Income Earned				
As of Date	Time	\$1M	\$5M	\$10M
Jul 01 - Jul 31	1 month	\$4,591	\$22,957	\$45,913
Feb 01 - Jul 31	6 months	\$27,221	\$136,104	\$272,207
Aug 01 - Jul 31	12 months	\$56,039	\$280,195	\$560,389

Months listed are in the years 2023-2024

California CLASS Prime Daily Yields as of Month-End

Month	Year	Month-End Yield
July	2024	5.4348%
June	2024	5.4111%
May	2024	5.4134%
April	2024	5.3199%
March	2024	5.4330%
February	2024	5.4375%
January	2024	5.4710%
December	2023	5.5508%
November	2023	5.5691%
October	2023	5.5540%
September	2023	5.5193%
August	2023	5.4663%

For more information on both historical yields and annualized performance, visit www.californiaclass.com/rates or scan the below QR code:



Source: Public Trust Advisors, LLC. Data unaudited. Charts and/or values presented may not add up precisely to absolute figures due to rounding. Investment income earned values shown may reflect immaterial variance from exact statement balances due to rounding. Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. California CLASS Prime is not a bank. An investment in California CLASS Prime is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime stable NAV fund(s) seek to preserve the value of your investment at \$1.00 per share, California CLASS Prime cannot guarantee they will do so. Please review the applicable Information Statement(s) before investing. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**



Prime Fund Information Statement

July 2023

Introduction

The purpose of this Information Statement for the California CLASS Prime Fund (Prime Fund) is to provide information to Participants (as defined herein) in connection with the purchase of Shares (as defined herein) in the Prime Fund. This Information Statement for the Prime Fund describes certain provisions of the JPA Agreement (as defined herein) for the California CLASS and the Investment Policy for the Prime Fund. Participants interested in the purchase of Shares in the Prime Fund should review the full terms of the JPA Agreement (located in the Document Center at www.californiaclass.com) and the Investment Policy for the Prime Fund described herein (located in the Document Center at www.californiaclass.com), each of which are incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the JPA Agreement.

The contents of this Information Statement should not be considered to be legal, tax or investment advice, and Participants should consult with their own counsel and advisers as to all matters concerning investment in the Prime Fund.

California CLASS Prime Fund Summary

The California Cooperative Liquid Assets Securities System, doing business as the California CLASS, is a California joint powers authority created pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act (Act) and the JPA Agreement referenced below.

The Act provides that two or more public agencies (as defined herein, Public Agencies) that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power and create a joint powers authority separate from such Public Agencies to exercise such common power and to act as administrator of the agreement. Under this authority, California CLASS was created pursuant to a Joint Exercise of Powers Agreement (JPA Agreement) dated as of June 6, 2022, between the Founding Participants (as defined in the JPA Agreement).

The Act authorizes a joint powers authority, such as California CLASS, to issue shares of beneficial interest in authorized investments to participating Public Agencies (collectively referred to herein, as Participants and individually, as a Participant). See “Eligible Shareholders.” The JPA Agreement sets forth the terms of the investment program known as California CLASS Investment Program, including the establishment of Funds in which Participants purchase shares of beneficial interest issued by California CLASS in authorized investments that are owned by California CLASS. The Prime Fund is one of the initial Funds established by the California CLASS.

The purpose of the California CLASS is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently through the California CLASS Investment Program.

As a joint powers authority, California CLASS provides a professionally managed pooled investment program for Participants. See "Investment Advisor & Administrator." Pursuant to the JPA Agreement, California CLASS is governed by a Board of Trustees and is sponsored by the California Special Districts Association (CSDA) and the League of California Cities (Cal Cities and together with CSDA, the Sponsors). See "Board of Trustees."

The Shares in the California CLASS Prime Fund have not been, and are not required to be, registered under any federal or state securities law. The California CLASS has not been, and is not required to be, registered under the Investment Company Act of 1940, as amended. Accordingly, the California CLASS and its Prime Fund are not subject to the provisions of that Act, including the protective rules relating to registered money market funds and other types of mutual funds.

Prime Fund Investment Objectives

California CLASS provides a professionally managed pooled investment program for Participants. The general objective of the Prime Fund is to generate additional investment income for the Participants while maintaining safety and liquidity. The Prime Fund is managed by the California CLASS to comply with the requirements of California law, specifically California Government Code Section 53601.

The Prime Fund is managed by the California CLASS and seeks to provide a safe, convenient, and daily liquid investment option for Participants. As described below, the investment objectives of the Prime Fund are to preserve principal, provide daily liquidity, earn a competitive rate of return, and maintain a stable Net Asset Value (NAV) of \$1.00. The Prime Fund accrues net income daily and pays net income on a pro rata basis monthly.

The California CLASS has established that the Prime Fund will have a maximum dollar-weighted average maturity (WAM) of 60 days and a maximum weighted average life (WAL) of 120 days. The Investment Policy created by the California CLASS for the Prime Fund establishes the objectives, policies and restrictions that are designed to facilitate the achievement of these objectives.

The Investment Advisor for the Prime Fund will seek to maintain a 'AAAm' rating from S&P Global Ratings on the Prime Fund. According to S&P Global Ratings, a fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by S&P Global Ratings.

The investment objectives of the Prime Fund in order of priority are:

Safety: The Prime Fund is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.

Liquidity: The Prime Fund is managed to provide daily liquidity to its Participants. See above for description of the maximum WAM and WAL for investments in the Prime Fund.

Competitive Returns: The Prime Fund is managed to generate competitive returns while providing daily liquidity and stability of principal.

No assurances can be given that the investment objectives of the Prime Fund will be achieved.

Transparency

The California CLASS seeks to provide transparency to Participants in the Prime Fund by allowing Participants to readily obtain portfolio and account information. The California CLASS will offer dedicated Participant support with an easy-to-use technology platform. Historical and current performance data, Net Asset Value, WAM, and WAL are published and available to Participants on the California CLASS website. Portfolio holdings are published quarterly and are available to Participants through the California CLASS Client Services team on an as-needed basis. Participant breakdowns and expense ratios are also published and available to Participants on the California CLASS website on a quarterly basis.

Eligible Shareholders

Any Public Agency that has the authority to invest funds in its treasury in statutorily permitted investments, including but not limited to Section 53601 of the California Government Code, and meets the requirements described in the next paragraph is eligible to become a Participant of the California CLASS Investment Program and is eligible to purchase shares in the Prime Fund.

Each Participant must be a "Public Agency", as that term is defined in Section 6509.7 of the Act, which, as of the date of this Information Statement, is defined as "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies," and includes "a nonprofit corporation whose membership is confined to public agencies or public officials." Each Participant must also be a political subdivision of a state, or an agency, authority, or instrumentality of the United States, a state of any political subdivision of a state.

Prime Fund Eligible Investments

Funds in the Prime Fund are required to be invested by the Investment Advisor in investments permitted by California law, specifically California Government Code Section 53601, and will be made in accordance with the Investment Policy established by the California CLASS for the Prime Fund. As required by California law, funds in the Prime Fund will be invested by the Investment Advisor in accordance with the prudent investor standard of the California Government Code.

While the Investment Policy established by the California CLASS for the Prime Fund covers the eligible investments and their maximum maturity, maximum portfolio allocation, maximum per issuer allocation and minimum credit quality in greater detail, the following types of investments are eligible for inclusion in the Prime Fund:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Registered warrants or treasury notes of the state of California
- Bonds, notes, warrants, or other obligations of a local agency in the state of California
- Registered treasury notes or bonds of any of the other 49 states
- Bankers' acceptances
- Prime commercial paper and asset-backed commercial paper
- Negotiable certificates of deposit
- Corporate notes
- Asset-backed securities
- U.S. dollar denominated senior unsecured obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank
- Money market mutual funds

The Investment Policy for the Prime Fund also contains certain investment restrictions on investments in the Prime Fund.

As set forth in Section 53601 of the California Government Code, the legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in the investments described in Section 53601. However, the California Government Code limits the amount of surplus money of a local agency that may be invested in such investments. Each Participant is responsible for monitoring the aggregate amount of its investments in any of these types of investments to ensure its own compliance with the California Government Code. None of the California CLASS, the Administrator, the Investment Advisor, the Custodian or any other agents of the California CLASS shall be responsible for such monitoring or compliance.

Each Participant, by its investment in the Prime Fund, is certifying that it is legally authorized to make such investment. Participants should consult with their legal counsel and/or advisors regarding the legality of investment funds in the Prime Fund.

Shares; Interests of Participants

The JPA Agreement provides that the beneficial interests of the Participants in the assets of the Prime Fund and the earnings thereon are divided into "Shares." "Shares" means the unit used to denominate

and measure the respective pro rata beneficial interests of the Participants in a Fund within the California CLASS Investment Program, including the Prime Fund. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Fund, including the Prime Fund. The JPA Agreement provides that the number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants in a Fund, including the Prime Fund, is unlimited. All Shares in a Fund, including the Prime Fund, shall be of one class representing equal distribution, liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to the California CLASS Investment Program or the Investment Property held in the applicable Fund, including the Prime Fund. Title to the Investment Property held in the applicable Fund, including the Prime Fund, of every description is vested in the California CLASS. The Participants shall have no interest in the Investment Property held in the applicable Fund, including the Prime Fund, other than the beneficial interests conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights, or interests of the California CLASS.

In its discretion, the California CLASS may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Investment Property held in the applicable Fund, including the Prime Fund) at such time(s) (including without limitation each Business Day in accordance with the maintenance of a constant net asset value per Shares as set forth in the JPA Agreement for constant net asset value Funds, such as the Prime Fund), and on such terms as the California CLASS may deem best. In connection with any allocation of Shares, the California CLASS may allocate fractional Shares. From time to time, the California CLASS may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Fund, including the Prime Fund. Reductions or increases in the number of allocated Shares may be made in order to maintain a constant net asset value per Share for constant net asset value Funds, such as the Prime Fund. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

Investment Risks

Participants should specifically consider the following risks before deciding to invest in the Prime Fund. The following summary does not purport to be comprehensive or definitive of all risk factors.

Investing involves risks including the possible loss of principal.

Interest Rate Risks

The prices of the fixed-income securities in Prime Fund will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The Investment Advisor will seek to manage this risk by purchasing short-term securities.

Credit Risks

Credit risk is the possibility that an issuer of a fixed-income security held in Prime Fund will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in Prime Fund may incur losses. The Investment Advisor will seek to manage this risk by purchasing high quality securities as determined by one or more Nationally Recognized Statistical Ratings Organizations and/or the Investment Advisor's credit research team. The Investment Policy for the Prime Fund contains a description of the minimum credit quality for each category of eligible investment in the Prime Fund.

Stable Net Asset Value Risks

Although the Prime Fund is managed to maintain a stable NAV of \$1.00 per Share, there is no guarantee that it will be able to do so.

Investment Not Insured or Guaranteed

An investment in California CLASS is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Liquidity Risk

Prime Fund is subject to certain liquidity risks in which the size of a bond's market, the frequency of trades, the ease of valuation, and/or issue size may impact the Investment Advisor's ability to sell investments in a timely fashion or at or near fair value in order to fulfill a Participant's redemption request.

Market Risk

Market risk is the risk that the value of securities owned goes up or down, sometimes rapidly and/or unpredictably, due to factors affecting securities markets generally or within particular industries.

Issuer Risk

The risk that the value of a security declines for a reason directly related to the issuer such as management performance, financial leverage, and reduced demand for the issuer's goods or services.

Default Risk

The risk that a bond issuer (or counterparty) will default by failing to repay principal and interest in a timely manner.

Board of Trustees

Pursuant to the JPA Agreement, the management of California CLASS is governed by a Board of Trustees (Board). The Board supervises the California CLASS and its affairs and acts as the liaison between the Participants, the Custodian, the Administrator, the Investment Advisor and all service providers.

CSDA and Cal Cities are sponsors of the California CLASS. The governing bodies of CSDA and Cal Cities each appoint two (2) Trustees who are either elected, appointed, or staff from a California CLASS Participant which is also a CSDA or Cal Cities member; or, staff from CSDA and Cal Cities. One seat on the Board shall be a Participant that is appointed by a majority vote of the Board.

Initially, the number of Trustees shall be five (5) voting Trustees. The Board may expand the membership of the Board and set initial terms for each additional Trustee. The Board approved the Investment Policy for the Prime Fund and may approve amendments to such Investment Policy from time to time. Upon the Board's approval of any amendment to the Investment Policy for the Prime Fund, the amended Investment Policy will be posted to the website of California CLASS.

See www.californiaclass.com for a description of the current Trustees and officers of the California CLASS.

Investment Advisor & Administrator

Pursuant to an agreement with the California CLASS, Public Trust Advisors, LLC (Public Trust) serves as the Investment Advisor and Administrator for California CLASS Investment Program.

As Investment Advisor, Public Trust provides investment services to the California CLASS, including the Prime Fund. Public Trust is an investment advisory firm headquartered in Denver, Colorado with offices in Los Angeles, California. Public Trust is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940.

As Administrator, Public Trust services all Participant accounts in the California CLASS Investment Program, including all Participant accounts in the Prime Fund, determines and allocates income of the California CLASS Investment Program, provides certain written confirmation of the investment and withdrawal of funds by Participants, provides administrative personnel and facilities to the California CLASS, determines the NAV of the Prime Fund on a daily basis, and performs all related administrative services for California CLASS. At least quarterly, the Administrator provides the Board with a detailed evaluation of the performance of the California CLASS Investment Program, including the Prime Fund,

based upon a number of factors. This evaluation includes a comparative analysis of the investment results of the California CLASS Investment Program, including the Prime Fund, in relation to industry standards such as the performance of comparable money market mutual funds and various indexes of money market securities.

Custodian

Pursuant to an agreement with the California CLASS, U.S. Bank, N.A. serves as Custodian for California CLASS Investment Program.

As Custodian, U.S. Bank, N.A. acts as directed custodian for the California CLASS Investment Program, including the Prime Fund, and serves, in accordance with California law, as the depository in connection with the direct investment and withdrawal mechanisms of California CLASS Investment Program. U.S. Bank, N.A. does not participate in the investment decision making process of the California CLASS Investment Program.

The Custodian shall hold the Investment Property (excluding cash, which is not held by the Custodian), in its capacity as Custodian on behalf of California CLASS. Such Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, an asset of the Custodian.

Within fifteen (15) days after the end of each month, the Custodian shall send statements providing the closing balance in the Account at the end of such month and the transactions performed in the Account during such month to the Administrator and the California CLASS.

Independent Auditors

An independent certified public accounting firm, Cohen & Co. has been engaged to audit the annual financial statements of the California CLASS. The audit will contain statements of assets and liabilities, of operations, and of changes in net assets. The opinion of the independent certified public accountant on such financial statements is based on an examination of the books and records of California CLASS made in accordance with generally accepted accounting principles (GAAP). The fiscal year of the California CLASS ends each March 31.

How to Become a Participant

See "Eligible Shareholder" to determine if you are eligible to be a Participant in the California CLASS Investment Program. Any prospective Participants seeking to purchase Shares in the Prime Fund should review the JPA Agreement, this Information Statement for the Prime Fund, and the Investment Policy for the Prime Fund and then simply complete the California CLASS Registration Packet found in the document center of the California CLASS website (located in the Document Center at www.californiaclass.com). Please email all completed forms to clientservices@californiaclass.com.

There is no limit on the number of subaccounts that can be opened by a Participant. The Administrator will notify the prospective Participant of its approval of the Registration Forms and the account number(s) assigned. The Administrator reserves the right to reject any Registration in its discretion. Investment in the Prime Fund may be effectuated through the California CLASS Participant Portal. Secure online access will be available to Participants with respect to their accounts. Information with respect to the Prime Fund, including daily yield, up-to-date account information, and a transaction history will be available online. Confirmations of each contribution (purchase of Shares) and withdrawal (redemption of Shares) of funds will be available online to a Participant within one business day of the transaction.

Purchase of Shares; Investments

Payments by the Participant to the California CLASS, and the crediting of Shares resulting therefrom, are referred to herein as “contributions” for convenience. Participants may purchase Shares in the Prime Fund by Automated Clearing House (ACH) transfer or wire transfer from the Participant to the Custodian, as described in the Investment Procedures set forth below. The California CLASS does not charge a fee for receipt of wire contributions. However, a Participant’s bank may charge a fee for wiring funds.

There is no maximum or minimum amount that must be invested in the Prime Fund nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with California CLASS.

Investment Procedures

1. The Participant shall provide notice via the Participant Transaction Portal to the Administrator indicating the amount to be invested in the Prime Fund and indicating which Account of the Prime Fund the investment is to be made. The Participant shall instruct its bank depository to wire or electronically transfer Investment Funds to the applicable Account at the Custodian for the purchase of investments to be held by the Custodian in such Account.
2. The Administrator shall receive the notice described in (1) from the Participant.
3. Investments received by the Custodian by 11:00 a.m. PT will be used to purchase Shares in the Prime Fund.
4. If Investment Funds for which notification of investment has been given are not received by the end of the business day on which such notification is given, the Administrator shall deduct the value of such Investment Funds (including any earning income) from the Participant's balance if previously credited.
5. The Participant is prohibited from requesting payments from amounts credited to its balance in the Prime Fund until such Investment Funds are received by the Custodian from the Participant.

These Investment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, the Administrator will only change the times set forth above after consulting with the Custodian.

Redemptions of Shares; Withdrawals; Transfers

Payments by the California CLASS to Participants, and the reduction of Shares resulting therefrom, are referred to herein as “redemptions” for convenience. Redemptions of Shares from the Prime Fund may be made via ACH or wire transfer from the Custodian to the Participant, as described in the Payment Procedures set forth below. Shares in the Prime Fund will be redeemed in the amount of the withdrawal assuming a NAV of \$1.00 per Share.

There is no maximum or minimum amount that must be invested in the Prime Fund nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with California CLASS.

Each Participant, by its investment in any Fund, including the Prime Fund, agrees that the California CLASS may temporarily suspend the right of redemption or postpone the date of payment for redeemed Shares for the whole or any part of any period: (i) during which trading in securities generally on the New York Stock Exchange or the American Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily charges shall have been established on such exchange or market; (ii) if a general banking moratorium shall have been declared by Federal, state, or the State of New York or State of California authorities or during a suspension of payments by banks in the State of California; (iii) during which there shall have occurred any state of war or national emergency; (iv) during which any financial emergency or other crisis the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses that might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures. The Administrator shall determine, on behalf of California CLASS, when an event occurs that would entitle the Custodian to temporarily suspend or postpone a Participant’s right of redemption. Participants should refer to the JPA Agreement for additional detail.

Transfers among the Prime Fund and another Fund within the California CLASS Investment Program will be considered a withdrawal from one Fund and a contribution to another subject to the requirements described in this Information Statement.

Payment Procedures

1. The Participant shall provide instruction via the Participant Transaction Portal to the Administrator indicating the amount requested to be paid (redeemed) and shall specify from which Account of the Prime Fund the payment is to be made.
2. The instructions will include the payee of the amount requested, which may be the Participant, and include any wire, electronic transfer, or other payment instructions. Such payee must be listed on the

list of approved payees that has been provided by the Participant to the Administrator in advance of the payment.

3. The Administrator shall receive the notice described in (1) and the information required in (2) from the Participant. Requests for redemptions from Accounts of the Prime Fund with pre-established wire instructions will be honored on a same-day basis if received by the Administrator prior to 11:00 a.m. PT. Special wire transfer requests are available only with written documentation.

4. The Participant may only request payments of that portion of its balance that represents Investment Funds and its proportional share of the income from the Investment Property that, in all cases, is actually held by the Custodian in the applicable Account in the Prime Fund.

These Payment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, that the Administrator will only change the times set forth above after consulting with the Custodian.

Portfolio Transactions

Subject to the general supervision of the California CLASS, the Investment Advisor is responsible for placing the orders for the purchase and sale of securities within the Prime Fund, referred to herein as “portfolio transactions” for convenience. The portfolio transactions within the California CLASS Investment Program, including the Prime Fund, occur only with broker dealers acting as principals except for commercial paper transactions that may be placed directly with the issuers. Although California CLASS does not ordinarily seek but nonetheless may make profits through short-term trading, the Investment Advisor may, on behalf of the California CLASS, dispose of any portfolio investment prior to its maturity if such disposition is advisable. The weighted average maturity and weighted average life limits applicable to the Prime Fund is expected to result in high portfolio turnover. However, since brokerage commissions are not typically paid on the types of investments in which the Prime Fund is likely to invest, any turnover resulting from such investments should not adversely affect the NAV of the Prime Fund.

The Investment Advisor seeks to obtain the best net price and the most favorable execution of portfolio transactions. Portfolio transactions will not occur between the Investment Advisor and Administrator, the Custodian, any Trustee, or any affiliate, officer, director, employee, or agent of any of them.

Valuation of Prime Fund Shares

The Administrator determines the NAV of the Shares of the Prime Fund at least daily on a mark-to-market basis. The NAV per Share of the Prime Fund is computed by dividing the total value of the securities and other assets of the Prime Fund, less any liabilities, by the total outstanding Shares of the

Prime Fund. Expenses and fees of the California CLASS accrue daily and are included within liabilities for the NAV calculation.

The result of this calculation is a share value rounded to the nearest penny. Accordingly, the price at which Shares of the Prime Fund are sold and redeemed will not reflect unrealized gains or losses on securities within the Prime Fund that amount to less than \$.005 per Share. The Administrator will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses on securities within the Prime Fund should exceed \$.005 per Share, the Prime Fund's NAV per Share will change from \$1.00 or be maintained at \$1.00 per Share by retention of earnings or the reduction on a pro rata basis of each Participant's Shares in the Prime Fund in the event of losses or by a pro rata distribution to each Participant in the event of gains.

While it is a fundamental objective of the Prime Fund to maintain a NAV of \$1.00 per Share, there can be no guarantee that the NAV will not deviate from \$1.00 per Share. The NAV per Share of the Prime Fund may be affected by general changes in interest rates resulting in increases or decreases in the value of the securities in the Prime Fund. The fair market value of the Prime Fund's securities will vary inversely to changes in prevailing interest rates. If a security is held to maturity, no loss or gain is normally realized as a result of these fluctuations.

1. Portfolio Valuation

At least daily, the Investment Property Value within the Prime Fund shall be determined on a mark-to-market basis as follows: (a) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities or a third-party pricing source; (2) all other securities and assets are valued at fair market value in good faith.

2. Amendment

These Valuation Procedures may be amended from time-to-time pursuant to the JPA Agreement.

Use of Fair Value Measurement

California CLASS follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement.

Local government investment pools (LGIP) may select different methods of determining the value of assets held within the portfolio for reporting purposes. The two most common methods used to report on the assets of the portfolio are mark-to-market—frequently referred to as “fair value” or “fair market value”—and amortized cost. California CLASS utilizes the mark-to-market methodology. This involves obtaining prices for securities in the portfolio every business day. The mark-to-market methodology

provides Participants with a high degree of transparency with respect to the underlying market values of the Prime Fund's securities.

The mark-to-market methodology (FASB) can and should be contrasted with the amortized cost method that some LGIPs utilize. LGIPs that follow GASB 79 are following the amortized cost method, which entails adjusting the value of the portfolio's securities on a daily basis by a predetermined amount from the purchase date to the maturity date. While the amortized cost method produces very reliable and predictable asset valuations, that predetermined value may or may not accurately reflect the market value of the security.

Computation of Yields

A daily and seven-day average yield for the Prime Fund will be provided by the Administrator in published reports and information on www.californiaclass.com. To obtain the daily yield, a daily income distribution per share factor is first calculated. That factor is the net income for that day divided by the number of settled shares outstanding. The factor is then multiplied by 365 (366 in a leap year) to produce the daily yield. The seven-day average yield is obtained by averaging the daily yield for seven identified, consecutive days. From time-to-time, the Administrator may also quote the yield for the Prime Fund on other basis for the information of the Participants.

Participants should note that the yields quoted should not be considered a representation of the future yield of the Prime Fund since the yield is not fixed. Actual yields for the Prime Fund will depend not only on the type, quality, and maturities of the investments held by the Prime Fund and the changes in interest rates for such investments but also on changes in the Prime Fund's expenses during the period.

Yield information may be useful in reviewing the performance of the Prime Fund and for providing a basis for comparison with other investment alternatives.

Income Allocations

All net income of the Prime Fund is determined as of the close of business each day (and at such other times as the Board may determine) and is credited pro rata to each Participant's Account within the Prime Fund at month-end. The Prime Fund accrues net income on a daily basis and pays interest income on a monthly basis.

Net income that has thus accrued to the Participants is converted as of the close of business at month-end into additional Shares that are thereafter held in each Participant's account. Reinvested net income is converted into full and fractional shares at the rate of one share for each one dollar credited. Net income for the Prime Fund consists of (1) all accrued interest income on assets of the Prime Fund plus (2) accretion of discount less (3) amortization of premium and less (4) accrued expenses.

Retained Reserves

Pursuant to the JPA Agreement, the Investment Advisor may retain from earnings and profits in the California CLASS Investment Program, including the Prime Fund, amounts deemed necessary to pay the debts and expenses of the California CLASS, as well as to meet other obligations of the California CLASS. The Investment Advisor possesses the power to establish from earnings and profits such reasonable reserves as they believe may be necessary or desirable. Realized capital gains or losses shall be distributed in a timely and equitable manner as determined by the Investment Advisor. More information about retained reserves is available in the JPA Agreement, including the detailed accounting that the Investment Advisor provides to the Board on a quarterly basis on amounts deemed necessary or desirable by the Investment Advisor for retained reserves.

California CLASS Expenses

Pursuant to the JPA Agreement, Public Trust Advisors, as Administrator, for the California CLASS Investment Program, including the Prime Fund, shall receive a fee as described below in “California CLASS Fees.” The Administrator’s fee shall be an Investment Property Liability. From its fee, the Administrator shall pay the following costs and expenses: the Investment Advisor’s fee set forth in the Investment Advisor Agreement, the Custodian’s fee set forth in the Custody Agreement, the costs of third parties retained by the Administrator to render investment advice pursuant to the Administrator Agreement, the fees to the Sponsors, marketing expenses, all custodial and securities clearance transaction charges, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by the Administrator and the California CLASS, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Administrator Agreement (but only if the Administrator selects such auditors), the fees of the counsel to the Administrator and/or the counsel to the California CLASS, the cost of Meetings of the Board, insurance costs and the costs of Participant surveys and mailings. Periodically, the Administrator shall provide a detailed accounting of such expenses to the Trustees.

California CLASS Fees

For the performance of its obligations as Administrator in the Administrator Agreement, the Administrator will charge a fee from the Investment Property Value (the daily fee). This daily fee will accrue on a daily basis and be paid monthly in arrears and prorated for any portion of the month in which the Administrator Agreement is in effect. The daily fee shall be calculated as follows: the Investment Property Value is multiplied by the applicable fee rate and is divided by 365 or 366 days in the event of a leap year to equal the daily fee accrual. The Investment Property Value shall be based on the prior day’s net assets. For weekend days and holidays, the net assets for the previous business

day will be utilized for the calculation of fees. The applicable fee rate shall be determined by the Administrator monthly on the first business day of each month and shall be at an annual rate equal to up to fifteen (15) basis points. The Administrator is authorized to debit the applicable monthly fee amount within five (5) business days after the end of such month. All payment records and invoices will be presented at each subsequent meeting of the Board. Fees may be waived or abated at any time, or from time-to-time, at the sole discretion of the Administrator. Any such waived fees may be restored by the written agreement of the California CLASS.

Reports to Participants

Annually

Audited financial statements of the California CLASS will be provided annually. See “Independent Auditors” above.

Monthly

Within 15 days after the end of each month, the Administrator shall prepare and submit, or make available, to each Participant a statement disclosing any activity and a closing balance, including the number of Shares, in each of its accounts for such month. **Upon Request**

The Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant’s balance as of the date of such request subject only to account activity on such date.

Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Prime Fund seeks to preserve the value of your investment at \$1.00 per Share, it cannot guarantee it will do so. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. Ratings are subject to change and do not remove market risk. Registration with the SEC does not imply a certain level of skill or training. External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

07/23 Managed by Public Trust Advisors, LLC

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Enhanced Cash Fund Information Statement

January 2024

Introduction

The purpose of this Information Statement for the California CLASS Enhanced Cash Fund (Enhanced Cash Fund) is to provide information to Participants (as defined herein) in connection with the purchase of Shares (as defined herein) in the Enhanced Cash Fund. This Information Statement for the Enhanced Cash Fund describes certain provisions of the JPA Agreement (as defined herein) for the California CLASS and the Investment Policy for the Enhanced Cash Fund. Participants interested in the purchase of Shares in the Enhanced Cash Fund should review the full terms of the JPA Agreement (located in the Document Center at www.californiaclass.com) and the Investment Policy for the Enhanced Cash Fund described herein (located in the Document Center at www.californiaclass.com), each of which are incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the JPA Agreement.

The contents of this Information Statement should not be considered to be legal, tax, or investment advice, and Participants should consult with their own counsel and advisers as to all matters concerning investment in the Enhanced Cash Fund.

California CLASS Enhanced Cash Fund Summary

The California Cooperative Liquid Assets Securities System, doing business as the California CLASS, is a California joint powers authority created pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act (Act) and the JPA Agreement referenced below.

The Act provides that two or more public agencies (as defined herein, Public Agencies) that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power and create a joint powers authority separate from such Public Agencies to exercise such common power and to act as administrator of the agreement. Under this authority, California CLASS was created pursuant to a Joint Exercise of Powers Agreement (JPA Agreement) dated as of June 6, 2022, between the Founding Participants (as defined in the JPA Agreement).

The Act authorizes a joint powers authority, such as California CLASS, to issue shares of beneficial interest in authorized investments to participating Public Agencies (collectively referred to herein, as Participants and individually, as a Participant). See “Eligible Shareholders.” The JPA Agreement sets forth the terms of the investment program known as California CLASS Investment Program, including the establishment of Funds in which Participants purchase shares of beneficial interest issued by California CLASS in authorized investments that are owned by California CLASS. The Enhanced Cash Fund is one of the initial Funds established by the California CLASS.

The purpose of the California CLASS is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently through the California CLASS Investment Program.

As a joint powers authority, California CLASS provides a professionally managed pooled investment program for Participants. See "Investment Advisor & Administrator." Pursuant to the JPA Agreement, California CLASS is governed by a Board of Trustees and is sponsored by the California Special Districts Association (CSDA) and the League of California Cities (Cal Cities and together with CSDA, the Sponsors). See "Board of Trustees."

The Shares in the California CLASS Enhanced Cash Fund have not been, and are not required to be, registered under any federal or state securities law. The California CLASS has not been, and is not required to be, registered under the Investment Company Act of 1940, as amended. Accordingly, the California CLASS and its Enhanced Cash Fund are not subject to the provisions of that Act, including the protective rules relating to registered money market funds and other types of mutual funds.

Enhanced Cash Fund Investment Objectives

California CLASS provides a professionally managed pooled investment program for Participants. The general objective of the Enhanced Cash Fund is to generate additional investment income for the Participants while maintaining safety and liquidity. The Enhanced Cash Fund seeks to outperform the yields generated by the Prime Fund by taking modest interest rate and liquidity risk and maintaining similar credit risk while preserving capital by investing only in securities that comply with the requirements of California law, specifically California Government Code Section 53601. The Enhanced Cash Fund is a slightly longer-term investment option with a floating net asset value that will typically maintain a weighted average maturity between six (6) months to one and a quarter (1.25) years.

The Enhanced Cash Fund does not seek to maintain a stable Net Asset Value (NAV) and is not suitable for daily liquidity needs. It will establish a \$10.00 transactional share price and will calculate and publish a fair value NAV daily. The principal value of an Enhanced Cash Fund investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. The Enhanced Cash Fund is designed to complement the daily liquidity of the Prime Fund and is suitable for public agency funds that possess a longer time horizon, such as strategic and core reserves and non-operating dollars that a public agency would not anticipate needing to unexpectedly withdraw. Generally speaking, funds that can be invested for twelve (12) months and longer are most appropriate for the Enhanced Cash Fund.

The Investment Policy created by the California CLASS for the Enhanced Cash Fund establishes the objectives, policies and restrictions that are designed to facilitate the achievement of these objectives. The Investment Advisor for the Enhanced Cash Fund will seek to maintain a 'AAAf/S1' rating from FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income

fund/portfolio and indicates the highest underlying credit quality of the investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. This rating is neither a market rating nor a specific recommendation to buy or sell a security. Ratings are subject to change and do not remove credit risk. According to FitchRatings, a fund rated 'AAAf/S1' demonstrates the highest underlying credit quality (or lowest vulnerability to default) and a very low sensitivity to market risk.

The investment objectives of the Enhanced Cash Fund in order of priority are:

Safety: The Enhanced Cash Fund is managed to emphasize the preservation of principal and approximate a \$10.00 transactional share price. Changes in interest rates can and will interact with the Enhanced Cash Fund's weighted average maturity and duration characteristics to effectuate an increase or decrease in the NAV. Similar to any fixed income security's price being inversely related to yields, when interest rates increase the NAV can decrease, and when interest rates decrease the NAV can increase.

Liquidity: The Enhanced Cash Fund is managed to provide next-day liquidity to its Participants.

Competitive Returns: The next-day Enhanced Cash Fund is managed to generate higher interest income than the daily liquid Prime Fund.

No assurances can be given that the investment objectives of the Enhanced Cash Fund will be achieved. The Enhanced Cash Fund introduces the possibility of reporting a realized or unrealized gain or loss.

Transparency

The California CLASS seeks to provide transparency to Participants in the Enhanced Cash Fund by allowing Participants to readily obtain portfolio and account information. The California CLASS will offer dedicated Participant support with an easy-to-use technology platform. Historical and current performance data, Net Asset Value, WAM, and WAL are published and available to Participants on the California CLASS website. Portfolio holdings are published quarterly and are available to Participants through the California CLASS Client Services team on an as-needed basis. Participant breakdowns and expense ratios are also published and available to Participants on the California CLASS website on a quarterly basis.

Eligible Shareholders

Any Public Agency that has the authority to invest funds in its treasury in statutorily permitted investments, including but not limited to Section 53601 of the California Government Code, and meets the requirements described in the next paragraph is eligible to become a Participant of the California CLASS Investment Program and is eligible to purchase shares in the Enhanced Cash Fund.

Each Participant must be a "Public Agency", as that term is defined in Section 6509.7 of the Act, which, as of the date of this Information Statement, is defined as "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies," and includes "a nonprofit corporation whose membership is confined to public agencies or public officials." Each Participant must also be a political subdivision of a state, or an agency, authority, or instrumentality of the United States, a state of any political subdivision of a state.

Enhanced Cash Fund Eligible Investments

Funds in the Enhanced Cash Fund are required to be invested by the Investment Advisor in investments permitted by California law, specifically California Government Code Section 53601, and will be made in accordance with the Investment Policy established by the California CLASS for the Enhanced Cash Fund. As required by California law, funds in the Enhanced Cash Fund will be invested by the Investment Advisor in accordance with the prudent investor standard of the California Government Code.

While the Investment Policy established by the California CLASS for the Enhanced Cash Fund covers the eligible investments and their maximum maturity, maximum portfolio allocation, maximum per issuer allocation and minimum credit quality in greater detail, the following types of investments are eligible for inclusion in the Enhanced Cash Fund:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Registered warrants or treasury notes of the state of California
- Bonds, notes, warrants, or other obligations of a local agency in the state of California
- Registered treasury notes or bonds of any of the other 49 states
- Bankers' acceptances
- Prime commercial paper and asset-backed commercial paper
- Negotiable certificates of deposit
- Corporate notes
- Asset-backed securities
- U.S. dollar denominated senior unsecured obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank
- Money market mutual funds

The Investment Policy for the Enhanced Cash Fund also contains certain investment restrictions on investments in the Enhanced Cash Fund.

As set forth in Section 53601 of the California Government Code, the legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in the investments described in Section 53601. However, the California Government Code limits the amount of surplus money of a local agency that may be invested in such investments. Each Participant is responsible for monitoring the aggregate amount of its investments in any of these types of investments to ensure its own compliance with the California Government Code. None of the California CLASS, the Administrator, the Investment Advisor, the Custodian or any other agents of the California CLASS shall be responsible for such monitoring or compliance.

Each Participant, by its investment in the Enhanced Cash Fund, is certifying that it is legally authorized to make such investment. Participants should consult with their legal counsel and/or advisors regarding the legality of investment funds in the Enhanced Cash Fund.

Shares; Interests of Participants

The JPA Agreement provides that the beneficial interests of the Participants in the assets of the Enhanced Cash Fund and the earnings thereon are divided into "Shares." "Shares" means the unit used to denominate and measure the respective pro rata beneficial interests of the Participants in a Fund within the California CLASS Investment Program, including the Enhanced Cash Fund. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Fund, including the Enhanced Cash Fund. The JPA Agreement provides that the number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants in a Fund, including the Enhanced Cash Fund, is unlimited. All Shares in a Fund, including the Enhanced Cash Fund, shall be of one class representing equal distribution, liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to the California CLASS Investment Program or the Investment Property held in the applicable Fund, including the Enhanced Cash Fund. Title to the Investment Property held in the applicable Fund, including the Enhanced Cash Fund, of every description is vested in the California CLASS. The Participants shall have no interest in the Investment Property held in the applicable Fund, including the Enhanced Cash Fund, other than the beneficial interests conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights, or interests of the California CLASS.

In its discretion, the California CLASS may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Investment Property held in the applicable Fund, including the Enhanced Cash Fund) at such time(s) and on such terms as the California CLASS may deem best. In connection with any allocation of Shares, the California CLASS may allocate fractional Shares. From time to time, the California CLASS may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Fund, including

the Enhanced Cash Fund. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

Investment Risks

Participants should specifically consider the following risks before deciding to purchase Shares of the Enhanced Cash Fund. The following summary does not purport to be comprehensive or definitive of all risk factors.

The prices of the fixed-income securities in the fund will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The Investment Advisor will seek to manage this risk by purchasing short-term securities.

Interest Rate Risks

The prices of the fixed-income securities in the Enhanced Cash Fund will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities.

Credit Risks

Credit risk is the possibility that an issuer of a fixed-income security held in the Enhanced Cash Fund will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in the Enhanced Cash Fund will lose money. The Investment Advisor will seek to manage this risk by purchasing high-quality securities as determined by one or more Nationally Recognized Statistical Ratings Organizations and/or the Investment Advisor's credit research team. The Investment Policy for the Enhanced Cash Fund contains a description of the minimum credit quality for each category of eligible investment in the Enhanced Cash Fund.

Net Asset Value Risks

Although the Enhanced Cash Fund is managed to approximate a \$10.00 transactional share price, there is no guarantee that it will be able to do so.

Investment Not Insured or Guaranteed

An investment in the Enhanced Cash Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Liquidity Risk

California CLASS is subject to certain liquidity risks in which the size of a bond's market, the frequency of trades, the ease of valuation, and/or issue size may impact the Investment Advisor's ability to sell investments in a timely fashion or at or near fair value in order to fulfill a Participant's redemption request.

Market Risk

Market risk is the risk that the value of securities owned goes up or down, sometimes rapidly and/or unpredictably, due to factors affecting securities markets generally or within particular industries.

Default Risk

The risk that a bond issuer (or counterparty) will default by failing to repay principal and interest in a timely manner.

Issuer Risk

The risk that the value of a security declines for a reason directly related to the issuer such as management performance, financial leverage, and reduced demand for the issuer's goods or services.

Fluctuating Net Asset Value (NAV) Risk

Because the share price of a variable net asset value fund will fluctuate, when you sell your shares, they may be worth more or less than what you originally paid for them.

Board of Trustees

Pursuant to the JPA Agreement, the management of California CLASS is governed by a Board of Trustees (Board). The Board supervises the California CLASS and its affairs and acts as the liaison between the Participants, the Custodian, the Administrator, the Investment Advisor and all service providers.

CSDA and Cal Cities are sponsors of the California CLASS. The governing bodies of CSDA and Cal Cities each appoint two (2) Trustees who are either elected, appointed, or staff from a California CLASS Participant which is also a CSDA or Cal Cities member; or, staff from CSDA and Cal Cities. One seat on the Board shall be a Participant that is appointed by a majority vote of the Board.

Initially, the number of Trustees shall be five (5) voting Trustees. The Board may expand the membership of the Board and set initial terms for each additional Trustee. The Board approved the Investment Policy for the Enhanced Cash Fund and may approve amendments to such Investment Policy from time to time. Upon the Board's approval of any amendment to the Investment Policy for the Enhanced Cash Fund, the amended Investment Policy will be posted to the website of California CLASS.

See www.californiaclass.com for a description of the current Trustees and officers of the California CLASS.

Investment Advisor & Administrator

Pursuant to an agreement with the California CLASS, Public Trust Advisors, LLC (Public Trust) serves as the Investment Advisor and Administrator for California CLASS Investment Program.

As Investment Advisor, Public Trust provides investment services to the California CLASS, including the Enhanced Cash Fund. Public Trust is an investment advisory firm headquartered in Denver, Colorado with offices in Los Angeles, California. Public Trust is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940.

As Administrator, Public Trust services all Participant accounts in the California CLASS Investment Program, including all Participant accounts in the Enhanced Cash Fund, determines and allocates income of the California CLASS Investment Program, provides certain written confirmation of the investment and withdrawal of funds by Participants, provides administrative personnel and facilities to the California CLASS, determines the NAV of the Enhanced Cash Fund on a daily basis, and performs all related administrative services for California CLASS. At least quarterly, the Administrator provides the Board with a detailed evaluation of the performance of the California CLASS Investment Program, including the Enhanced Cash Fund, based upon a number of factors. This evaluation includes a comparative analysis of the investment results of the California CLASS Investment Program, including the Enhanced Cash Fund, in relation to industry standards such as the performance of comparable money market mutual funds and various indexes of money market securities.

Custodian

Pursuant to an agreement with the California CLASS, U.S. Bank, N.A. serves as Custodian for California CLASS Investment Program.

As Custodian, U.S. Bank, N.A. acts as directed custodian for the California CLASS Investment Program, including the Enhanced Cash Fund, and serves, in accordance with California law, as the depository in connection with the direct investment and withdrawal mechanisms of California CLASS Investment Program. U.S. Bank, N.A. does not participate in the investment decision making process of the California CLASS Investment Program.

The Custodian shall hold the Investment Property (excluding cash, which is not held by the Custodian), in its capacity as Custodian on behalf of California CLASS. Such Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, an asset of the Custodian.

Within fifteen (15) days after the end of each month, the Custodian shall send statements providing the closing balance in the Account at the end of such month and the transactions performed in the Account during such month to the Administrator and the California CLASS.

Independent Auditors

An independent certified public accounting firm, Cohen & Co., has been engaged to audit the annual financial statements of the California CLASS. The audit will contain statements of assets and liabilities, of operations, and of changes in net assets. The opinion of the independent certified public accountant on such financial statements is based on an examination of the books and records of California CLASS made in accordance with generally accepted accounting principles (GAAP). The fiscal year of the California CLASS ends each March 31.

How to Become a Participant

See “Eligible Shareholder” to determine if you are eligible to be a Participant in the California CLASS Investment Program. Any prospective Participants seeking to purchase Shares in the Enhanced Cash Fund should review the JPA Agreement, this Information Statement for the Enhanced Cash Fund, and the Investment Policy for the Enhanced Cash Fund and then simply complete the California CLASS Registration Packet found in the document center of the California CLASS website (located in the Document Center at www.californiaclass.com). Please email all completed forms to clientservices@californiaclass.com.

There is no limit on the number of subaccounts that can be opened by a Participant. The Administrator will notify the prospective Participant of its approval of the Registration Forms and the account number(s) assigned. The Administrator reserves the right to reject any Registration in its discretion. Investment in the Enhanced Cash Fund may be effectuated through the California CLASS Participant Portal. Secure online access will be available to Participants with respect to their accounts. Information with respect to the Enhanced Cash Fund, including daily yield, up-to-date account information, and a transaction history will be available online. Confirmations of each contribution (purchase of Shares) and withdrawal (redemption of Shares) of funds will be available online to a Participant within one business day of the transaction.

Purchase of Shares; Investments

Payments by the Participant to the California CLASS, and the crediting of Shares resulting therefrom, are referred to herein as “contributions” for convenience. Participants may purchase Shares in the Enhanced Cash Fund by Automated Clearing House (ACH) transfer or wire transfer from the Participant to the Custodian, as described in the Investment Procedures set forth below. The California CLASS does not charge a fee for receipt of wire contributions. However, a Participant’s bank may charge a fee for wiring funds.

There is no maximum or minimum amount that must be invested in the Enhanced Cash Fund nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with California CLASS.

Investment Procedures

1. The Participant shall provide a recorded call or send a written notice to the Administrator indicating the amount to be invested in the Enhanced Cash Fund and indicating which Account of the Enhanced Cash Fund the investment is to be made. The Participant shall instruct its bank depository to wire or electronically transfer Investment Funds to the applicable Account at the Custodian for the purchase of investments to be held by the Custodian in such Account.
2. The Administrator shall receive the notice described in (1) from the Participant.
3. Investments received by the Custodian by 11:00 a.m. PT will be used to purchase Shares in the Enhanced Cash Fund.
4. If Investment Funds for which notification of investment has been given are not received by the end of the business day on which such notification is given, the Administrator shall deduct the value of such Investment Funds (including any earning income) from the Participant's balance if previously credited.
5. The Participant is prohibited from requesting payments from amounts credited to its balance in the Enhanced Cash Fund until such Investment Funds are received by the Custodian from the Participant.

These Investment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, the Administrator will only change the times set forth above after consulting with the Custodian.

Redemptions of Shares; Withdrawals; Transfers

Payments by the California CLASS to Participants, and the reduction of Shares resulting therefrom, are referred to herein as “redemptions” for convenience. The Enhanced Cash Fund offers Participants next-day liquidity. Redemptions are unlimited and met on a transaction date plus one (1) business days’ basis. Funds are distributed from the Enhanced Cash Fund to the account designated by the Participant one business day after the requested transaction date. The cutoff time for redemptions is 11:00 a.m. PT.

Redemptions of Shares from the Enhanced Cash Fund may be made via wire transfer from the Custodian to the Participant, as described in the Payment Procedures set forth below. The NAV on the transaction date will be used to calculate the amount of the payment to the Participant in addition to the net income that has accrued on the redeemed shares.

There is no maximum or minimum amount that must be invested in the Enhanced Cash Fund nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with California CLASS.

Each Participant, by its investment in any Fund, including the Enhanced Cash Fund, agrees that the California CLASS may temporarily suspend the right of redemption or postpone the date of payment for

redeemed Shares for the whole or any part of any period: (i) during which trading in securities generally on the New York Stock Exchange or the American Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily charges shall have been established on such exchange or market; (ii) if a general banking moratorium shall have been declared by Federal, state, or the State of New York or State of California authorities or during a suspension of payments by banks in the State of California; (iii) during which there shall have occurred any state of war or national emergency; (iv) during which any financial emergency or other crisis the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses that might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures. The Administrator shall determine, on behalf of California CLASS, when an event occurs that would entitle the Custodian to temporarily suspend or postpone a Participant's right of redemption. Participants should refer to the JPA Agreement for additional detail.

Transfers among the Enhanced Cash Fund and another Fund within the California CLASS Investment Program will be considered a withdrawal from one Fund and a contribution to another subject to the requirements described in this Information Statement.

Payment Procedures

1. The Participant shall enter their redemption transaction in the California CLASS Participant Portal.
2. The Participant shall notify the Administrator in writing of the payee of the amount requested, which may be the Participant, and include any wire, electronic transfer, or other payment instructions. Such payee must be listed on the list of approved payees that has been provided by the Participant to the Administrator in advance of the payment.
3. The Administrator shall receive the notice described in (1) and the information required in (2) from the Participant. Requests for redemptions from an Accounts of the Enhanced Cash Fund with pre-established wire instructions will be honored on a next-day basis if received by the Administrator prior to 11:00 a.m. PT.
4. The Participant may only request payments of that portion of its balance that represents Investment Funds and its proportional share of the income from the Investment Property that, in all cases, is actually held by the Custodian in the applicable Account in the Enhanced Cash Fund.

These Payment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, that the Administrator will only change the times set forth above after consulting with the Custodian.

Portfolio Transactions

Subject to the general supervision of the California CLASS, the Investment Advisor is responsible for placing the orders for the purchase and sale of securities within the Enhanced Cash Fund, referred to herein as “portfolio transactions” for convenience. The portfolio transactions within the California CLASS Investment Program, including the Enhanced Cash Fund, occur only with broker dealers acting as principals except for commercial paper transactions that may be placed directly with the issuers. Although California CLASS does not ordinarily seek but nonetheless may make profits through short-term trading, the Investment Advisor may, on behalf of the California CLASS, dispose of any portfolio investment prior to its maturity if such disposition is advisable. The weighted average maturity and weighted average life characteristics of the Enhanced Cash Fund are expected to result in additional interest income to the Participants.

The Investment Advisor seeks to obtain the best net price and the most favorable execution of portfolio transactions. Portfolio transactions will not occur between the Investment Advisor and Administrator, the Custodian, any Trustee, or any affiliate, officer, director, employee, or agent of any of them.

Valuation of Enhanced Cash Fund Shares

The Administrator determines the NAV of the Shares of the Enhanced Cash Fund at least daily on a mark-to-market basis. The NAV per Share of the Enhanced Cash Fund is computed by dividing the total value of the securities and other assets of the Enhanced Cash Fund, less any liabilities, by the total outstanding Shares of the Enhanced Cash Fund. Expenses and fees of the California CLASS accrue daily and are included within liabilities for the NAV calculation.

The result of this calculation is a share value rounded to the nearest penny. Accordingly, the price at which Shares of the Enhanced Cash Fund are sold and redeemed will not reflect unrealized gains or losses on securities within the Enhanced Cash Fund that amount to less than \$.005 per Share. The Administrator will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses on securities within the Enhanced Cash Fund should exceed \$.005 per Share, the Enhanced Cash Fund’s NAV per Share can change or be maintained by retention of earnings or the reduction on a pro rata basis of each Participant’s Shares in the Enhanced Cash Fund in the event of losses or by a pro rata distribution to each Participant in the event of gains.

While it is a fundamental objective of the Enhanced Cash Fund to approximate a transactional share price of \$10.00 per Share, there can be no guarantee that the NAV will not deviate from \$10.00 per Share. In a volatile interest rate environment the NAV is likely to deviate from \$10.00 per share. The NAV per Share of the Enhanced Cash Fund may be affected by general changes in interest rates resulting

in increases or decreases in the value of the securities in the Enhanced Cash Fund. The fair market value of the Enhanced Cash Fund's securities will vary inversely to changes in prevailing interest rates. If a security is held to maturity, no loss or gain is normally realized as a result of these fluctuations.

1. Portfolio Valuation

At least daily, the Investment Property Value within the Enhanced Cash Fund shall be determined on a mark-to-market basis as follows: (a) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities or a third-party pricing source; (2) all other securities and assets are valued at fair market value in good faith.

2. Amendment

These Valuation Procedures may be amended from time-to-time pursuant to the JPA Agreement.

Use of Fair Value Measurement

California CLASS follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement.

Local government investment pools (LGIP) may select different methods of determining the value of assets held within the portfolio for reporting purposes. The two most common methods used to report on the assets of the portfolio are mark-to-market—frequently referred to as “fair value” or “fair market value”—and amortized cost. California CLASS utilizes the mark-to-market methodology. This involves obtaining prices for securities in the portfolio every business day. The mark-to-market methodology provides Participants with a high degree of transparency with respect to the underlying market values of the Enhanced Cash Fund's securities.

The mark-to-market methodology (FASB) can and should be contrasted with the amortized cost method that some LGIPs utilize. LGIPs that follow GASB 79 are following the amortized cost method, which entails adjusting the value of the portfolio's securities on a daily basis by a predetermined amount from the purchase date to the maturity date. While the amortized cost method produces very reliable and predictable asset valuations, that predetermined value may or may not accurately reflect the market value of the security.

Computation of Yields

A daily and seven-day average yield for the Enhanced Cash Fund will be provided by the Administrator in published reports and information on www.californiaclass.com. To obtain the daily yield, a daily income distribution per share factor is first calculated. That factor is the net income for that day divided

by the number of settled shares outstanding. The factor is then multiplied by 365 (366 in a leap year) to produce the daily yield. The seven-day average yield is obtained by averaging the daily yield for seven identified, consecutive days. From time-to-time, the Administrator may also quote the yield for the Enhanced Cash Fund on other basis for the information of the Participants.

Participants should note that the yields quoted should not be considered a representation of the future yield of the Enhanced Cash Fund since the yield is not fixed. Actual yields for the Enhanced Cash Fund will depend not only on the type, quality, and maturities of the investments held by the Enhanced Cash Fund and the changes in interest rates for such investments but also on changes in the Enhanced Cash Fund's expenses during the period.

Yield information may be useful in reviewing the performance of the Enhanced Cash Fund and for providing a basis for comparison with other investment alternatives.

Income Allocations

All net income of the Enhanced Cash Fund is determined as of the close of business each day (and at such other times as the Board may determine) and accrues pro rata to each Participant's Account within the Enhanced Cash Fund. The Enhanced Cash Fund accrues net income on a daily basis and pays interest income on a monthly basis.

Net income that has thus accrued to the Participants is converted at month-end into additional Shares that are thereafter held in each Participant's account. Reinvested net income is converted into full and fractional shares at the rate of one share for each ten dollars credited. Net income for the Enhanced Cash Fund each day consists of (1) all accrued interest income on assets of the Enhanced Cash Fund plus (2) accretion of discount less (3) amortization of premium and less (4) accrued expenses.

Retained Reserves

Pursuant to the JPA Agreement, the Investment Advisor may retain from earnings and profits in the California CLASS Investment Program, including the Enhanced Cash Fund, amounts deemed necessary to pay the debts and expenses of the California CLASS, as well as to meet other obligations of the California CLASS. The Investment Advisor possesses the power to establish from earnings and profits such reasonable reserves as they believe may be necessary or desirable. Realized capital gains or losses shall be distributed in a timely and equitable manner as determined by the Investment Advisor. More information about retained reserves is available in the JPA Agreement, including the detailed accounting that the Investment Advisor provides to the Board on a quarterly basis on amounts deemed necessary or desirable by the Investment Advisor for retained reserves.

California CLASS Expenses

Pursuant to the JPA Agreement, Public Trust Advisors, as Administrator, for the California CLASS Investment Program, including the Enhanced Cash Fund, shall receive a fee as described below in “California CLASS Fees.” The Administrator’s fee shall be an Investment Property Liability. From its fee, the Administrator shall pay the following costs and expenses: the Investment Advisor’s fee set forth in the Investment Advisor Agreement, the Custodian’s fee set forth in the Custody Agreement, the costs of third parties retained by the Administrator to render investment advice pursuant to the Administrator Agreement, the fees to the Sponsors, marketing expenses, all custodial and securities clearance transaction charges, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by the Administrator and the California CLASS, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Administrator Agreement (but only if the Administrator selects such auditors), the fees of the counsel to the Administrator and/or the counsel to the California CLASS, the cost of Meetings of the Board, insurance costs and the costs of Participant surveys and mailings. Periodically, the Administrator shall provide a detailed accounting of such expenses to the Trustees.

California CLASS Fees

For the performance of its obligations as Administrator in the Administrator Agreement, the Administrator will charge a fee from the Investment Property Value (the daily fee). This daily fee will accrue on a daily basis and be paid monthly in arrears and prorated for any portion of the month in which the Administrator Agreement is in effect. The daily fee shall be calculated as follows: the Investment Property Value is multiplied by the applicable fee rate and is divided by 365 or 366 days in the event of a leap year to equal the daily fee accrual. The Investment Property Value shall be based on the prior day’s net assets. For weekend days and holidays, the net assets for the previous business day will be utilized for the calculation of fees. The applicable fee rate shall be determined by the Administrator monthly on the first business day of each month and shall be at an annual rate equal to up to fifteen (15) basis points. The Administrator is authorized to debit the applicable monthly fee amount within five (5) business days after the end of such month. All payment records and invoices will be presented at each subsequent meeting of the Board. Fees may be waived or abated at any time, or from time-to-time, at the sole discretion of the Administrator. Any such waived fees may be restored by the written agreement of the California CLASS.

Reports to Participants

Annually

Audited financial statements of the California CLASS will be provided annually. See “Independent Auditors” above.

Monthly

Within 15 days after the end of each month, the Administrator shall prepare and submit, or make available, to each Participant a statement disclosing any activity and a closing balance, including the number of Shares, in each of its accounts for such month.

Upon Request

The Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's balance as of the date of such request subject only to account activity on such date.

California CLASS is not a bank. An investment with California CLASS is not guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. No assurance can be given that the California CLASS Enhanced Cash Fund will achieve its investment objective. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk. External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

This is not a Stable NAV fund. While it seeks to establish a transactional share price of \$10.00 per share, the possibility of a higher amount of unrealized/realized losses than unrealized/realized gains implies that the NAV could decline below the \$10.00 transactional share price and that shareholders will execute purchases and redemptions at that NAV.

01/24 Managed by Public Trust Advisors, LLC

2.15.040 - INVESTMENTS

A. Background - Investing public funds is usually a core responsibility of local government finance professionals and can be one of the most complicated responsibilities.

B. The main objectives of effective cash management and investing public funds is, in this specific order, to ensure the safety of principal, provide for sufficient liquidity to pay obligations when due and earn a reasonable rate of return on invested funds.

C. Risk - There are different types of risks associated with cash management and investing that must be understood and managed to ensure the safety of principal:

1. Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk can be managed by purchasing only high-rated securities and monitoring the credit worthiness of issuers.
2. Concentration of credit risk - The risk of loss attributed to the extent of investments held from a single issuer. This risk can be managed by limiting the amount of investments held from any single issuer (diversification).
3. Custodial credit risk - The risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. This risk can be managed by federal insurance and California government code requirements.
4. Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. When rates rise, security values fall and vice versa. This risk can be managed by matching investment maturities with accepted disbursements, purchasing shorter-term securities, and staggering maturity dates throughout the year (laddering the portfolio).
5. Liquidity risk - The risk that securities must be sold before anticipated providing liquidity, which may result in a loss of principal. See interest rate risk discussion above.

D. Investment Reports - The agency shall prepare annual reporting of investment results and portfolio composition to the fiscal committee or board of directors containing the following:

1. Types of investments held.
2. Average rate of return for period reporting and year to date.
3. Average maturity of portfolio.
4. Compliance with investment policy provisions.
5. Changes in investment strategy.
6. Comparison of portfolio return with benchmarks.
7. Interest rate environment changes.

E. Brokers and dealers will be selected by an informal selection process. Criteria used may include; office proximity, services provided, references from other governments, and competitiveness of bids. If

brokers or dealers become noncompetitive, other providers can be substituted relatively easily. Retaining three to five broker/dealers is usually sufficient to ensure adequate competition, depending on the portfolio size, frequency of purchases and services required.

F. Purchasing Investments - all securities should be purchased using the "payment vs. delivery" method, using an independent third party. This method ensures that securities purchased are delivered before payment is made.

G. Security Purchases - Where possible, obtain more than one quote on securities purchased to ensure the highest rate of return has been obtained. Competition will usually enhance the rate of return achieved. Similar securities can be substituted if maturity dates and credit risk is comparable. For example, federal instrumentalities (Freddie Mac, Fannie Mae, etc.) are usually comparable in credit risk. Requesting quotations on specific security types and specific maturity dates (or narrow date ranges) is a common practice to facilitate comparison of competitive offers.

H. The agency has a fiduciary responsibility to protect the assets of the agency and invest funds with reasonable care. The agency may invest in a broad array of investments and allowed under the California Government Code (CGC). The agency will invest as much as possible, all idle funds.

I. The accountant is responsible for cash management.

J. The fiscal committee and board shall approve all investments.

K. The fiscal committee shall review each investment to ensure that the investment follows the policies of the agency.

L. The fiscal committee of the agency shall meet periodically to review investments and to review the agency's investment policies.

M. The agency will invest in only investments permitted under CGC Sections 53600 et seq.

N. The criteria for selecting investments will be:

1. Safety - The risk associated with the loss of principal or interest. This loss may be a result of the institution or market fluctuations. The agency will not invest in any securities which present a risk to principal.
2. Liquidity - The more liquid a security, the lower the yield. Care and consideration will be given when investing in securities that can be converted to cash prior to maturity.
3. Yield - Based on an annual rate of return, yield is the lowest criteria.

O. The investment restrictions are:

1. No securities below an A-1 Standard & Poor credit rating may be purchased; and
2. No leveraged, hedging or reverse repurchase investments are permitted.

P. Collateral requirements shall meet the requirements of CGC Section 53651, which describes eligible securities.

Q. The agency will diversify the investment portfolio as appropriate.

R. All securities will be held in the name of the agency.

S. Transfers of funds means:

1. Only authorized signers may move funds between the agency's checking, investments or line of credit accounts. Such transfers will be subject to the dollar limitations as found in Section 2.35.050; and
2. Advanced funds on government grants in the care, custody or control of the agency may be transferred into and out of the agency's investments. The investments shall have no minimum or maximum time limit in which funds must remain in the investment.
 - a. The intent of the board of directors is to earn interest on advanced government funds, if appropriate, and use the interest generated to increase the work implemented within each respective government grant.
 - b. Funds the agency receives from non-government sources may also be transferred to investments, if appropriate, to be used as specified by the board.