



Enhanced Cash Fund Information Statement

June 17, 2022

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.

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.

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, CliftonLarsonAllen, LLP, 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.
