



## AGENDA

### Regular Meeting of the California Cooperative Liquid Assets Securities System Board of Trustees

Thursday, October 19, 2023, at 3:00 p.m. Pacific Time

**Marriott Riverside at the Convention Center**  
Imperial Meeting Room, 3400 Market Street, Riverside, CA 92501

or via Teleconference (*see below*)

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The California Cooperative Liquid Assets Securities System (“California CLASS”) will be held as a “hybrid” meeting with the option for members of the public to attend in person at the above location, or electronically, by teleconference or video conference.

#### **How to Participate via Teleconference:**

Topic: California CLASS Board of Trustees Meeting - October 19, 2023

Time: Oct 19, 2023, 03:00 PM Pacific Time

Join Zoom Meeting

<https://zoom.us/j/97096478585>

Meeting ID: 970 9647 8585

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Dial by your location

- +1 719 359 4580 US
- +1 253 205 0468 US

#### **How to Submit Public Comments**

**Live Comments:** The public may address the Board concerning any matter on the agenda and on any other matter within the subject matter jurisdiction of the Board during the public comment period. Members of the public may make live remote public comments via Zoom video conferencing. To access the Zoom platform, download the Zoom computer or mobile app from the Apple Appstore or Google Play. Zoom also allows you to join the meeting by phone. When the Board Chair opens the public comment period on the item you wish to comment, please use the “raise hand” feature (or press \*9 if connecting by telephone), which will alert staff that you have a comment to raise.

**Written Comments:** Public comments may also be submitted in advance of the meeting by emailing the comment to: [molly.wohl@publictrustadvisors.com](mailto:molly.wohl@publictrustadvisors.com) For regular or special meetings, if you are commenting on a particular item on the agenda, please identify the agenda item and letter. For regular meetings, if



you are commenting on an item not listed on the agenda, please identify your comment as a General Public Comment.

**How to Obtain Public Records:** Public records that relate to any item on the open session agenda for a meeting are available for public inspection. Those records that are distributed after the agenda posting deadline for the meeting are available for public inspection at the same time they are distributed to all or a majority of the members of the Board. The Board has designated California CLASS's website located at <https://californiaclass.com> as the place for making these public records available for inspection. The documents may also be obtained by contacting the Administrator, at (844) 689-2994 or at [molly.wohl@publictrustadvisors.com](mailto:molly.wohl@publictrustadvisors.com).

**CEQA NOTICE:** Unless expressly stated otherwise on the agenda (that a negative declaration, mitigated negative declaration, or environmental impact report is being considered), discretionary actions taken on agenda items will include a finding by the Board that the action is exempt under the California Environmental Quality Act (CEQA). More information about the CEQA determination can be found in the corresponding staff report.



**AGENDA**  
**Thursday, October 19, 2023**

- 1. Call to Order**
- 2. Roll Call – Announcements / Consideration and Approval of Requests by Board members to Participate Remotely Pursuant to AB 2449**
- 3. Public Comment**  
*This is a 15-minute Public Comment Period for items that are not on the agenda. Each speaker will be limited to approximately three minutes. Members of the public are invited to share comments with the Board on matters within the jurisdiction of California CLASS but not on the agenda. The public may also present comments on agenda items when the matter is called. The Brown Act prohibits action or discussion on items not appearing on the agenda. However, Trustees and staff are allowed to briefly respond to statements made or questions asked during this portion of the agenda. Trustees and staff may also ask questions for clarification in response to a public comment. Please see “How to Submit Public Comments” above.*
- 4. Board of Trustees Consent Agenda**  
*Members of the Board may approve with one motion – any item on the consent agenda may be discussed and any Board member may take an item off the consent agenda to be voted on separately.*
  - A. Considering – Approval of minutes of the Meeting of the California CLASS Board of Trustees held July 13, 2023**  
*Recommended by Administrator. This would confirm the minutes from the prior regular meeting are accurate.*
  - B. Considering – Approval of report of the Special Meeting and Study Session of the California CLASS Board of Trustees held August 15, 2023**  
*Recommended by Administrator. This would confirm the report from the prior special meeting and study session is accurate.*
  - C. Acknowledgement of Custody Statement Receipt**
- 5. Comments from Sponsors**
  - A. Report from California Special Districts Association (CSDA)**  
*Presenters: Neil McCormick, Chief Executive Officer and Rick Wood, Finance and Administration Director, Cassandra Strawn, Member Services Director*
  - B. Report from League of California Cities (Cal Cities)**  
*Presenters: Carolyn Coleman, Executive Director and CEO, Irene de Jong, Director of Finance and Operations, and Amanda Cadelago, Marketing Manager*
- 6. Board of Trustee Action Items**
  - A. Election of Officers**  
*Presenter: Alexandra Barnhill, General Counsel*  
  
*Conduct annual election of Board Officers, including Chair, Vice Chair, Secretary, and Treasurer to serve a one-year term commencing on January 1, 2024*



**B. Considering – Adoption of Resolution No. 23-03 approving regular meeting schedule for Board of Trustees in 2024**

Presenter: Alexandra Barnhill, General Counsel

*Act on Resolution 23-03 setting dates and locations for the 2024 Regular Meeting calendar.*

**C. Considering – Adoption of Resolution No. 23-04 restricting funds to be held by Treasurer and waiving quarterly reporting obligations**

Presenter: Alexandra Barnhill, General Counsel

*Act on Resolution 23-04 to establish a limit to the funds available to the Treasurer and to waive the quarterly reporting requirements.*

**D. Considering – Information Statement Amendments**

Presenter: Peter Rizzo, Public Trust Advisors Director, Pooled Investment Services

*Review the Administrator’s recommended amendments to payment procedures in the California CLASS Information Statement.*

**7. Agency Business - Fund Management Reports**

**Credit Research**

Presenter: J. Dylan Matthes, Public Trust Advisors Junior Credit Research Analyst

**Fund Management**

Presenter: Cory Gebel, Public Trust Advisors Director in Portfolio Management

**8. Agency Business – Fund Administration Reports**

**A. Sales and Distribution Update**

Presenters: Bob Shull, Public Trust Director, Investment Services, and Crystal Lynn, Public Trust Director, Investment Services

- **Sales and Distribution Report**
- **California CLASS Participants**
- **California Conference Calendar**

**B. Public Trust Advisors Updates**

Presenters: Peter Rizzo, Public Trust Advisors Director, Pooled Investment Services, Tom Tight, Public Trust Advisors Managing Partner, and Matt Starr, Public Trust Advisors Managing Director of Client Relations

- **Public Trust Advisors Organizational Updates**
- **Security Enhancements with California CLASS Participant Platform**
- **Registration Statement Updates**
- **Statement of Facts / Roster of Public Agencies Filing with Secretary of State Update**

**C. Administrative Items**

Presenter: Molly Wohl, Public Trust Advisors VP of Client Relations and Board Clerical Secretary



- **Marketing Materials**
  - **ShareFile email sent on September 26**
- **California CLASS Trademark**
- **Board Budget**

**9. Discussion/Information Items**

**A. Enhanced Cash Portfolio**

Presenters: Tom Tight, Public Trust Advisors Managing Partner, Peter Rizzo, Public Trust Advisors Director, Pooled Investment Services

**10. Trustee Reports**

*Trustees may make brief announcements or reports on their own activities, pose questions for clarification, and/or request that items be placed on a future agenda. Except as otherwise authorized by law, no other discussions or action may be taken.*

**A. Chair Report**

**B. Individual Trustees**

**C. Committee Updates**

**11. Adjournment**

The next regular Board of Trustees meeting is tentatively scheduled for January 11, 2024, subject to confirmation via Resolution 23-03.

**Americans with Disabilities Act:** In accordance with the Americans with Disabilities Act, if you need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to observe and/or participate in this meeting, please contact Molly Wohl at (844) 689-2994 or at [molly.wohl@publictrustadvisors.com](mailto:molly.wohl@publictrustadvisors.com). Please provide your request as early as possible, and preferably at least two full business days before the start of the meeting. Advance notification with this guideline will enable the California CLASS to make reasonable arrangements to ensure accessibility.



California Cooperative Liquid Assets Securities System  
Regular Meeting of the Board of Trustees Meeting Minutes  
July 13, 2023

## **Record of Proceedings**

Meeting Minutes  
California Cooperative Liquid Assets Securities System  
Regular Meeting of the Board of Trustees  
July 13, 2023

A Regular Meeting of the Board of Trustees ("Board") of the California Cooperative Liquid Assets Securities System ("California CLASS") was held at 3:00 p.m. (PDT) on Thursday, July 13, 2023. The meeting was held in the Martini Room, Silverado Resort, 1600 Atlas Peak Road, Napa, CA 94558, and as a Teleconference Meeting on Zoom pursuant to Government Code § 54953(e).

Board Members Present:

Ms. Christina Turner, City Manager, City of Morgan Hill  
Mr. Ryan Clausnitzer, General Manager, Alameda County Mosquito Abatement District  
Mr. George Harris, Director of Finance, City of Lancaster  
Mr. Parker Hunt, Treasurer-Tax Collector, Tehama County

Board Members Absent:

None

Other:

Mr. Matt Boughton, Cohen & Co. (phone)

Staff Present:

Ms. Alexandra Barnhill, General Counsel, Jarvis Fay  
Mr. Taylor Budrow, Public Trust Advisors, LLC (phone)  
Ms. Molly Brown, Public Trust Advisors, LLC  
Ms. Amanda Cadelago, Cal Cities  
Ms. Crystal Lynn, Public Trust Advisors, LLC  
Mr. Neil McCormick, CSDA  
Mr. Peter Rizzo, Public Trust Advisors, LLC  
Mr. Robert Shull, Public Trust Advisors, LLC  
Ms. Cassandra Strawn, CSDA  
Mr. Tom Tight, Public Trust Advisors, LLC  
Mr. Rick Wood, CSDA  
Mr. Neil Waud, Public Trust Advisors, LLC (phone)



### **1. Call to Order**

Chair Turner called the meeting to order, which was duly posted at 3:00 p.m.

### **2. Roll Call**

Chair Turner led introductions; staff took roll call, and it was determined that a quorum of the Board was present.

### **3. Public Comment**

There were no comments from the public. No members of the public were in attendance either in person or via Zoom for the duration of the meeting. For this reason, these minutes will not reflect any public comments on the individual agenda items.

### **4. Consent Agenda**

Upon a motion duly made by Mr. Clausnitzer and seconded by Mr. Hunt, and by unanimous vote (4-0), the Board approved the Consent Agenda, which approved the following items:

#### **A. Approval of minutes of the Meeting of the California CLASS Board of Trustees held on April 21, 2023**

### **5. Comments from Endorsing Partners**

#### **A. Report from Endorsing Partner, California Special Districts Association (CSDA)**

Mr. Wood and Mr. McCormick updated the Board on the CSDA's work to maximize the exposure of California CLASS to the Association's members. By speaking to marketing pieces and speed networking at industry conferences and events, the Association has been able to engage and educate new audiences about the benefits of participating in California CLASS. Ms. Strawn discussed marketing collaboration efforts between the team at Public Trust Advisors and CSDA, as well as the upcoming CSDA annual conference in Monterey.

#### **B. Report from Endorsing Partner, League of California Cities (Cal Cities)**

Ms. Cadelago informed members that California CLASS will have a keynote speaking role at the Cal Cities conference this August. Additionally, Ms. Cadelago noted the California CLASS marketing, and specifically the calculator tool on the website, have been useful to speak to the benefits of the program and increase momentum through new channels. Ms. Cadelago also discussed the Cal Cities annual conference which will be hosted in September in Sacramento.

### **6. Audit Exit Presentation by Cohen & Co.**

Mr. Matt Boughton provided the exit presentation for the California CLASS audit, marking the completion of the California CLASS audited financials for the period ended March 31, 2023. Cohen & Co. provided California CLASS with an unmodified opinion. The Board thanked Cohen & Co. for their work and had no questions or comments.





## **7. Board of Trustee Action Items**

### **A. Consider – Information Statement**

Mr. Rizzo presented proposed revisions to the California CLASS Information Statement. The revisions included additional risk disclosures consistent with industry standards and updates reflecting the new auditing firm. Upon motion duly made by Mr. Clausnitzer and seconded by Ms. Turner, and by unanimous vote (4-0), the Board approved the revisions to the California CLASS Information Statement.

## **8. Agency Business – Fund Management Reports**

**Credit Research**– Mr. Budrow presented Public Trust Advisors’ approved lists as of June 30, 2023, and provided an update on the recent volatility in the banking sector.

**Fund Management** - Mr. Waud presented to the Board an overview of the current economy as well as an update on the management of the California CLASS Prime fund.

## **9. Agency Business – Fund Administration Reports**

### **Public Trust Updates and Designation of Key Positions**

Mr. Tight discussed the recent resignation of Public Trust Advisors’ team member Mr. Brent Turner and thanked him for his dedication to California CLASS and his critical role in launching the fund. Mr. Tight introduced the appointment of Mr. Peter Rizzo as the new California CLASS Administrator.

Mr. Rizzo provided background on his role at Public Trust Advisors and his 30 years of experience working in the public funds pooled investment industry. Mr. Rizzo thanked the Board for their voluntary service on the California CLASS Board of Trustees and expressed his enthusiasm for taking on the role of Administrator.

### **Sales and Distribution Update**

Mr. Shull and Ms. Lynn presented the sales and distribution efforts of the California CLASS team.

### **California LGIP Competitive Landscape**

Mr. Shull and Mr. Rizzo reviewed with the Board the various investment options for local governments in the state of California, and the key differentiators of California CLASS.

### **Administrative Items**

Ms. Brown discussed the:

- 2023 Board Budget and reported that the year-to-date figures are tracking on budget, and individual itemized Board member reports will be prepared at year end.





- New Board member checklist created to ensure seamless onboarding of new Board members in the future.
- Meeting schedule and logistics for the August 15<sup>th</sup> California CLASS Board due diligence visit to Public Trust Advisors Denver headquarters.
- Meeting day sheet for the October 19 regular meeting of the California CLASS Board which will be held in Riverside, CA

Mr. Tight informed the Board that Public Trust Advisors' annual voluntary SOC 1 Type 2 audit for the 2023 fiscal year is complete, and the results reflect a clean report.

## **10. Discussion / Information Items**

### **A. Board of Trustee Email Account Alternatives**

Ms. Brown discussed the options available for Board members to have individual California CLASS email accounts and technical requirements presented by Public Trust Advisors IT team. Upon a discussion of the Board, it was determined that the Board will forgo having additional email addresses with a California CLASS domain.

### **B. Trustee Vacancy**

Ms. Margaret Moggia resigned from the West Basin Municipal Water District in June, and subsequently stepped down as a California CLASS Board Trustee which has opened a vacancy on the Board. Ms. Barnhill discussed the Board vacancy and the option for CSDA to reappoint Ms. Moggia should she find a new role at a Special District in California.

### **C. Other Items**

None.

## **11. Trustee Reports**

### **A. Chair Report**

None.

### **B. Individual Trustees**

Mr. Parker requested that the Enhanced Cash product is presented as an action item at the October meeting. Additionally, Mr. Parker discussed Special Districts, their process in entering the pool and the need to review investment actions with County counterparts. And Mr. Parker extended his great appreciation to Mr. Brent Turner for his hard work and the incredible effort that he put forward to launch the California CLASS fund.



Mr. Harris, Mr. Clausnitzer, and Ms. Turner also thanked Mr. Brent Turner for his dedication to the launch of California CLASS and the whole Board wished him well.

**C. Committee Updates**

No report.

**12. Adjournment**

The next regular Board of Trustees meeting is scheduled for Thursday, October 19, 2023 at 3 p.m. PT in Riverside, CA.

The Regular Meeting of the California CLASS Board of Trustees was adjourned at 5:02 p.m.

These are the official Minutes of the Regular Meeting of the California CLASS Board of Trustees meeting on July 13, 2023.

Signed: \_\_\_\_\_ Date: October 19, 2023

Ms. Christina Turner, Chair  
California CLASS Board of Trustees

Minutes taken by: Molly Brown

Minutes prepared by: Molly Brown



California Cooperative Liquid Assets Securities System  
Special Meeting and Study Session of the Board of Trustees  
August 15, 2023

### **Record of Proceedings**

Meeting Report  
California Cooperative Liquid Assets Securities System  
Special Meeting and Study Session of the Board of Trustees  
August 15, 2023

A Special Meeting and Study Session of the Board of Trustees ("Board") of the California Cooperative Liquid Assets Securities System ("California CLASS") was held at 9:00 a.m. (MDT) on Tuesday, August 15, 2023. The meeting was held at the Public Trust Advisors Offices located at 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202, and as a Teleconference Meeting on Zoom pursuant to Government Code § 54953(e).

Board Members Present:

Ms. Christina Turner, City Manager, City of Morgan Hill  
Mr. Ryan Clausnitzer, General Manager, Alameda County Mosquito Abatement District  
Mr. George Harris, Director of Finance, City of Lancaster  
Mr. Parker Hunt, Treasurer-Tax Collector, Tehama County

Board Members Absent:

None

Other:

None

Staff Present:

Ms. Alexandra Barnhill, General Counsel, Jarvis Fay  
Ms. Molly Brown, Public Trust Advisors, LLC  
Ms. Amanda Cadelago, Cal Cities  
Ms. Irene De Jong, Cal Cities  
Ms. Crystal Lynn, Public Trust Advisors, LLC  
Mr. Neil McCormick, CSDA  
Mr. Peter Rizzo, Public Trust Advisors, LLC  
Mr. Robert Shull, Public Trust Advisors, LLC  
Ms. Cassandra Strawn, CSDA  
Mr. Tom Tight, Public Trust Advisors, LLC  
Mr. Rick Wood, CSDA  
Denver-based Public Trust Advisors Staff



### **1. Call to Order**

Chair Turner called the meeting to order, which was duly posted at 9:00 a.m.

### **2. Roll Call**

Chair Turner led introductions; staff took roll call, and it was determined that a quorum of the Board was present.

### **3. Public Comment**

There were no comments from the public. No members of the public were in attendance either in person or via Zoom for the duration of the meeting. For this reason, these minutes will not reflect any public comments on the individual agenda items.

### **4. Study Session**

Pursuant to Government Code Section 54954(b)(2), the Board conducted due diligence meetings with each department at Public Trust Advisors. Public Trust staff provided a tour of its headquarters and operations, as well as presentations on their work as it relates to the operations, administration, and portfolio management of California CLASS. Special reports were given by:

#### **Operations & Client Services**

Audrey Parker, Client Services Supervisor

#### **Portfolio Management**

Neil Waud, Chief Investment Officer

Sean Fitzgerald, Portfolio Manager

#### **Marketing**

Acacia Scavone, Chief Marketing Officer

#### **Compliance**

Jen Welsh, General Counsel and Chief Compliance Officer

#### **Credit**

Kevin Berents, Head of Credit

Pat Edler, Senior Credit Analyst

Taylor Budrow, Senior Credit Analyst

Johnny Combs, Credit Research Analyst

Dylan Matthes, Jr. Credit Research Analyst

#### **IT & Special Projects**

Brian Sugrue, Chief Information Officer

#### **Public Trust Executive Updates**

Todd Alton, President & Chief Executive Officer

Tom Tight, Managing Partner

Peter Rizzo, Director, Pooled Investment Services



#### **4. Adjournment**

The next regular Board of Trustees meeting is scheduled for Thursday, October 19, 2023 at 3 p.m. PT in Riverside, CA.

The Special Meeting and Study Session of the California CLASS Board of Trustees was adjourned at 2:32 p.m.

This is the official Report of the Special Meeting and Study Session of the California CLASS Board of Trustees on August 15, 2023.

Signed: \_\_\_\_\_ Date: October 19, 2023

Ms. Christina Turner, Chair  
California CLASS Board of Trustees

Minutes taken by: Molly Brown

Minutes prepared by: Molly Brown

**RESOLUTION NO. 23-03**

**RESOLUTION APPROVING THE REGULAR MEETING SCHEDULE FOR 2024 FOR THE CALIFORNIA COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM BOARD OF TRUSTEES**

**WHEREAS**, the Board of Trustee for the California Cooperative Liquid Assets Securities System (the “California CLASS”) shall establish an annual meeting calendar for the dates, times and locations of upcoming regular meetings in the 2024 calendar year; and

**WHEREAS**, pursuant to the California CLASS Joint Powers Agreement and Bylaws, the following schedule is established, notwithstanding the scheduling of special meetings as required upon proper notice under Ralph M. Brown Act (California Government Code Sections 54950 *et seq.*, the “Brown Act”); and

**NOW, THEREFORE, THE BOARD OF TRUSTEES DOES RESOLVE AS FOLLOWS:**

**Section 1. Recitals.** The Board of Trustees hereby finds and determines that the foregoing recitals are true and correct; the recitals are hereby incorporated by reference into each of the findings as though fully set forth therein.

**Section 2.** The Board of Trustees hereby establishes the following schedule for regular Board meetings for the calendar year 2024, with the dates, times and physical locations noted below:

<b>DATE</b>	<b>TIME</b>	<b>LOCATION</b>
January 11, 2024	3 p.m.	In-Person and Teleconference via Zoom
April 11, 2024	3 p.m.	In-Person and Teleconference via Zoom
July 18, 2024	3 p.m.	In-Person and Teleconference via Zoom
October 17, 2024	3 p.m.	In-Person and Teleconference via Zoom

The physical and remote location of the regular Board meetings will be posted on the agenda. The Administrator will use best efforts to alternate the physical location of regular Board meetings across California to facilitate public access and participation.

**Section 3.** This resolution shall become effective immediately upon its passage and adoption.

**PASSED AND ADOPTED** by the Board of Trustees for California CLASS on October 19, 2023, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

ATTEST By:

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(Signature)

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(Name)

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(Title)

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(Date)



## RESOLUTION NO. 23-04

### RESOLUTION RESTRICTING FUNDS TO BE HELD BY TREASURER AND WAIVING QUARTERLY REPORTING OBLIGATIONS

**WHEREAS**, the California Cooperative Liquid Assets Securities System (“California CLASS”) is a joint exercise of powers entity created under Title 1, Division 7, Chapter 5 of the California Government Code (the “Act”) pursuant to a Joint Exercise of Powers Agreement dated June 6, 2022 (the “JPA Agreement”; all undefined terms herein have the meanings given such terms in the JPA Agreement);

**WHEREAS**, the Board of Trustees of California CLASS has designated a Trustee of the Board to act as Treasurer, as required by Government Code Section 6505.5 and 6505.6;

**WHEREAS**, the law requires that: (a) the Treasurer verify and report on a quarterly basis the amount of money they hold for the agency, and (b) they be responsible for the safekeeping of these funds upon an official bond;

**WHEREAS**, the JPA Agreement provides that no bond shall be required if California CLASS does not possess or own property or funds with an aggregate value of greater than \$500 (excluding amounts held by any custodian or depository in connection with the California CLASS Investment Program);

**WHEREAS**, the Board hereby finds and determines that having the Treasurer file quarterly reports is unnecessary given that the Treasurer does not hold and does not expect to hold any funds given that the funds of California CLASS are held by the Custodian pursuant to the Custody Agreement;

**WHEREAS**, pursuant to the JPA Agreement, the California CLASS is required to receive from the Custodian monthly statements providing for the closing balances in each Account within the California CLASS Investment Program and the transactions performed in such Accounts; and

**WHEREAS**, pursuant to the JPA Agreement, the Trustees of the California CLASS are required to receive from the Administrator a quarterly accounting of expenses paid by the Administrator related to the California CLASS Investment Program.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Trustees of California CLASS hereby declares as follows:

**Section 1.** The foregoing recitals are true and correct and incorporated into this Resolution as if set forth herein.

**Section 2.** The Board hereby directs that the Treasurer shall not hold an aggregate value of more than \$500 (excluding amounts held by any custodian or depository in connection with the California CLASS Investment Program).

**Section 3.** The Board hereby finds that because the Treasurer holds \$0, the continued effectiveness of this Resolution shall serve as the equivalent of the filing of a quarterly report as would otherwise be required by law for so long as this Resolution remains effective and until this Resolution is subsequently amended or rescinded by the Board.

**Section 4.** This Resolution shall become effective immediately upon its passage and adoption.

**PASSED AND ADOPTED** by the Board of Trustees for California CLASS on October 19, 2023, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

ATTEST By:

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(Signature)

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(Name)

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(Title)

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(Date)



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**Prime Fund Information Statement**

**July 2023**

## Introduction

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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](http://www.californiaclass.com)) and the Investment Policy for the Prime Fund described herein (located in the Document Center at [www.californiaclass.com](http://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

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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

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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

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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

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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

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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

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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

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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

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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](http://www.californiaclass.com) for a description of the current Trustees and officers of the California CLASS.

## Investment Advisor & Administrator

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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

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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

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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

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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](http://www.californiaclass.com)). Please email all completed forms to [clientservices@californiaclass.com](mailto: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

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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 ~~a recorded call or send a written notice~~ 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

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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 a recorded call or send a written notice~~ 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 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 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

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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

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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

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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

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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](http://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

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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

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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

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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

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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

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### **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.

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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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