



AGENDA

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, DECEMBER 18, 2023, AT 11:00 AM**

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL OF BOARD OF DIRECTORS

President Hernandez____ Vice President Rojas____ Director Argudo____
Director Barajas____ Director Escalera____

4. PUBLIC COMMENT

Anyone wishing to discuss items on the agenda or pertaining to the District may do so now. The Board may allow additional input during the meeting. A five-minute limit on remarks is requested.

5. ADOPTION OF AGENDA

Each item on the Agenda shall be deemed to include an appropriate motion, resolution or ordinance to take action on any item. Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at the address listed above.

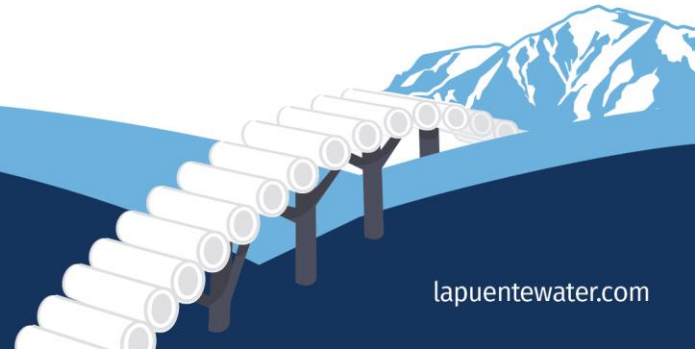
6. ACTION / DISCUSSION ITEMS

- A. Consideration of opening a California Cooperative Liquid Assets Securities System (CLASS) Account.

Recommendation: Authorize the General Manager to Open a CLASS Account.

- B. Consideration of Investments of the District's Reserve Funds.

Recommendation: Approve the Transfer of \$3,800,000 from the District's Local Agency Investment Fund (LAIF) account to the District's California Cooperative Liquid Assets Securities System (CLASS) Account.



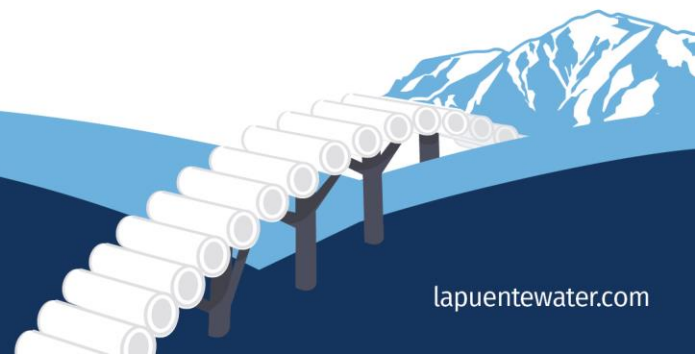
7. ADJOURNMENT

POSTED: Friday, December 15, 2023

President Henry P. Hernandez, Presiding.

Any qualified person with a disability may request a disability-related accommodation as needed to participate fully in this public meeting. In order to make such a request, please contact Mr. Roy Frausto, Board Secretary, at (626) 330-2126 in sufficient time prior to the meeting to make the necessary arrangements.

Note: Agenda materials are available for public inspection at the District office or visit the District's website at www.lapuentewater.com.



Memo



Date: December 18, 2023
To: Honorable Board of Directors
Subject: Investment Strategies

Summary

District staff researched the newly formed California Cooperative Liquid Assets Securities System (CLASS), which is a Joint Powers Authority (JPA) that functions similar to the Local Agency Investment Fund (LAIF), but has features that make it an attractive alternative. Similar to LAIF, CLASS investments are a stable net asset valuation, following California State Code Section 53601, offer same day withdrawals, and feature safe investments which is the primary goal of an investment policy.

The CLASS Prime fund is AAA rated by Moody's and Standard & Poor's, which means that they have the highest principal stability. The assets have a weighted average maturity of less than 60 days.

As of November 8, 2023, the Daily Effective Yield in the CLASS Prime Fund was 5.4%, while the yield for LAIF was 3.75%. In general LAIF has longer maturity assets than CLASS and as such, LAIF has not been able to capitalize on rising interest rates. While yield is not the primary concern of an investment strategy, if all other things are equal, which appears to be the case with LAIF and CLASS, then a higher yield is preferred.

Recommendation

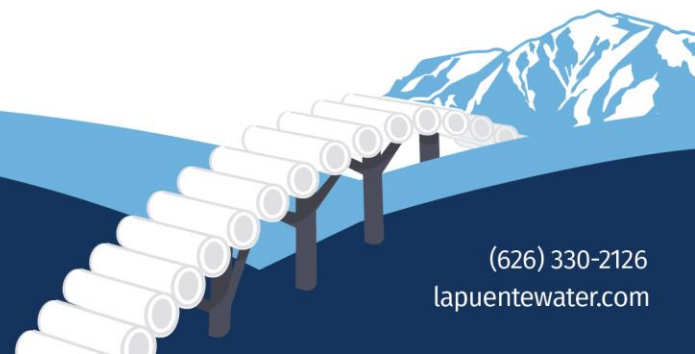
Staff recommends that the Board Authorize the General Manager to open a CLASS account.

- Enclosure(s): CLASS Information Statement
- CLASS Features and Benefits
- CLASS Registration Packet

Thank you,

A handwritten signature in blue ink, appearing to read "Roy Frausto".

Roy Frausto
General Manager





Prime Fund Information Statement

June 17, 2022

Introduction

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

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

California CLASS Prime Fund Summary

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

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

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

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

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

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

Prime Fund Investment Objectives

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

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

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

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

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

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

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

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

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

Transparency

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

Eligible Shareholders

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

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

Prime Fund Eligible Investments

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

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

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

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

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

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

Shares; Interests of Participants

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

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

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

Investment Risks

Participants should specifically consider the following risks before deciding to purchase Shares of the Prime 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 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 the Prime Fund will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in the Prime 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 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 the Prime 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 Prime Fund and may approve amendments to such Investment Policy from time to time. Upon the Board's approval of any amendment to the Investment Policy for the Prime Fund, the amended Investment Policy will be posted to the website of California CLASS.

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

Investment Advisor & Administrator

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

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

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

Custodian

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

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

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

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

Independent Auditors

An independent certified public accounting firm, 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 Prime Fund should review the JPA Agreement, this Information Statement for the Prime Fund, and the Investment Policy for the Prime Fund and then simply complete the California CLASS Registration Packet found in the document center of the California CLASS website(located in the Document Center at www.californiaclass.com). Please email all completed forms to clientservices@californiaclass.com.

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

Purchase of Shares; Investments

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

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

Investment Procedures

1. The Participant shall provide 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

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 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 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

Subject to the general supervision of the California CLASS, the Investment Advisor is responsible for placing the orders for the purchase and sale of securities within the Prime Fund, referred to herein as "portfolio transactions" for convenience. The portfolio transactions within the California CLASS Investment Program, including the Prime Fund, occur only with broker dealers acting as principals except for commercial paper transactions that may be placed directly with the issuers. Although California

CLASS does not ordinarily seek but nonetheless may make profits through short-term trading, the Investment Advisor may, on behalf of the California CLASS, dispose of any portfolio investment prior to its maturity if such disposition is advisable. The weighted average maturity and weighted average life limits applicable to the Prime Fund is expected to result in high portfolio turnover. However, since brokerage commissions are not typically paid on the types of investments in which the Prime Fund is likely to invest, any turnover resulting from such investments should not adversely affect the NAV of the Prime Fund.

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

Valuation of Prime Fund Shares

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

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

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

1. Portfolio Valuation

At least daily, the Investment Property Value within the Prime Fund shall be determined on a mark-to-market basis as follows: (a) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such

securities or a third-party pricing source; (2) all other securities and assets are valued at fair market value in good faith.

2. Amendment

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

Use of Fair Value Measurement

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

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

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

Computation of Yields

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

Participants should note that the yields quoted should not be considered a representation of the future yield of the Prime Fund since the yield is not fixed. Actual yields for the Prime Fund will depend not only

on the type, quality, and maturities of the investments held by the Prime Fund and the changes in interest rates for such investments but also on changes in the Prime Fund's expenses during the period.

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

Income Allocations

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

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

Retained Reserves

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

California CLASS Expenses

Pursuant to the JPA Agreement, Public Trust Advisors, as Administrator, for the California CLASS Investment Program, including the Prime Fund, shall receive a fee as described below in "California CLASS Fees." The Administrator's fee shall be an Investment Property Liability. From its fee, the Administrator shall pay the following costs and expenses: the Investment Advisor's fee set forth in the Investment Advisor Agreement, the Custodian's fee set forth in the Custody Agreement, the costs of third parties retained by the Administrator to render investment advice pursuant to the Administrator Agreement, the fees to the Sponsors, marketing expenses, all custodial and securities clearance

transaction charges, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by the Administrator and the California CLASS, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Administrator Agreement (but only if the Administrator selects such auditors), the fees of the counsel to the Administrator and/or the counsel to the California CLASS, the cost of Meetings of the Board, insurance costs and the costs of Participant surveys and mailings. Periodically, the Administrator shall provide a detailed accounting of such expenses to the Trustees.

California CLASS Fees

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

Reports to Participants

Annually

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

Monthly

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

Upon Request

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

What is California CLASS?

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

How is it governed and managed?

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

How can we participate?

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

Endorsed By:



LEAGUE OF
**CALIFORNIA
CITIES**

www.calcities.org



**California Special
Districts Association**

Districts Stronger Together

www.csda.net

Participants benefit from the following:

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Deposits by wire or ACH
- Ratings of 'AAAm' & 'AAAf/S1'
- Prime fund transacts at stable NAV
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No withdrawal notices for Prime Fund
- Participant-to-Participant transactions
- Interest accrues daily and pays monthly
- No maximum contributions
- No minimum balance requirements
- No transaction fees*
- Annual audit conducted by independent auditing firm**
- Dedicated client service representatives available via phone or email on any business day

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from California CLASS for such transactions.
**External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



What are the objectives of California CLASS?

Safety

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

Liquidity

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

Competitive Returns

California CLASS strives to provide competitive returns while adhering to the objectives of safety and liquidity. Participants benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. Portfolio performance is strengthened by the extensive knowledge of California public agency cash flows that the Public Trust team possesses.

Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day using the California CLASS phone number (877) 930-5213, fax number (877) 930-5214, email clientservices@californiaclass.com or via the California CLASS Online Transaction Portal at www.californiaclass.com.

Flexibility

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

Legality

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

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



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.** Please see the Information Statement for further details on the fee calculation and other key aspects about California CLASS. California CLASS Prime is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. California CLASS Enhanced Cash is rated by 'AAA/SI' by FitchRatings. The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'SI' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'SI' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.

California
CLASS



California CLASS Registration Packet



Welcome to California CLASS

Thank you for choosing California CLASS!

We believe you have made a sound financial decision in choosing California Cooperative Liquid Assets Securities System (California CLASS). We look forward to being a trusted partner to your organization and its investment management goals and are excited to connect with you to make your investment process a positive, easy experience.

This packet contains all the materials necessary to set up your California CLASS account(s). If you have any questions about the registration process or about your California CLASS account(s), please do not hesitate to contact us. The California CLASS Client Service team can be reached any business day from 8:00 a.m. to 4:00 p.m. PT by phone at (877) 930-5213 or by email at clientservices@californiaclass.com.

Registration Procedures

To participate in California CLASS, please complete the following:

- 1) Review the Joint Exercise of Powers Agreement and the applicable Information Statements relating to the California CLASS Prime Fund and the Enhanced Cash Fund (located in the Document Center at www.californiaclass.com).
- 2) Complete the California CLASS Participant Representation Form (page 4).
- 3) Complete the Participant Registration (page 5).
- 4) Complete the Authorized Contacts Form (pages 6/7).
- 5) Should you be interested in participating in California CLASS Prime, complete the California CLASS Prime Fund Account(s) to be Established form; you may open as many accounts as you wish (page 8).
- 6) Should you be interested in participating in California CLASS Enhanced Cash, complete the California CLASS Enhanced Cash Fund Account(s) to be Established Form; you may open as many accounts as you wish (page 9).
- 7) Keep the original forms for your records and send the completed packet to the California CLASS Client Service team by fax (877) 930-5214 or by email clientservices@californiaclass.com.

Questions? Please contact us; we would love to hear from you:

California CLASS Client Service Team
T (877) 930-5213
clientservices@californiaclass.com

Through the California CLASS website, www.californiaclass.com, Participants will be regularly informed of important program information, holidays, upcoming Board meetings, Participant events, conferences, and more. Board of Trustee meetings, which are open to the public, are generally held quarterly and discuss relevant issues to the governance and operations of the California CLASS program.

Participant Representation Form

Participant Information

Entity Name (Participant) _____

Participant Representations

The undersigned Authorized Signer for the Participant hereby represents and warrants the following during the period the Participant is investing in the California CLASS Investment Program:

- The Participant is (1) a Public Agency (as defined in the Joint Exercise of Powers Agreement) and (2)(a) a political subdivision of the State of California or (b) an organization whose income is excluded from taxable gross income under Section 115 of the Internal Revenue Code, in each case, that has the authority to invest funds in its treasury in investments in accordance with Section 53601 of the California Government Code.
- The Participant is authorized to invest in the California CLASS.
- Any Authorized Signer for the Participant designated in this California CLASS Registration Packet has full power and authority to make investments for the above Participant in the California CLASS Investment Program unless the California CLASS receives written notice from the Participant otherwise.
- The Participant has reviewed and agrees to the limitations described in the Joint Exercise of Powers Agreement and the Information Statements for the Funds within the California CLASS Investment Program and acknowledges that it has been supplied with or been given access to information it requested in connection with making an investment in the California CLASS Investment Program.
- The Participant has reviewed the Investment Policies for the Funds within the California CLASS Investment Program and has determined that they are consistent with the legal and policy limitations applicable to the Participant’s investments.
- The Participant has consulted with its own counsel and advisers as to all matters concerning investment in the California CLASS Investment Program.

Authorized Signer

Signature

Date

Print Name

Title

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. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**



Participant Registration

Entity Information

Entity Name (Participant) _____

Entity Type: City/Town County School District Special District
Other (Specify) _____

Mailing Address _____

City _____ Zip _____ County _____

Physical Address (if different than above) _____

City _____ Zip _____ County _____

Tax ID _____ Fiscal Year End Date (Month/Day) _____

California CLASS is hereby authorized to honor any telephone, faxed, or electronic request believed to be authentic for withdrawal of funds. The withdrawal proceeds can be sent only to the bank(s) indicated below unless changed by written instructions. Each Participant is responsible for notifying California CLASS of any changes to its account by filling out and sending via mail or email the Forms available on the California CLASS website.

Wires will be distributed every hour with the final distribution ending at 11:00 a.m. PT; distribution times are subject to change as needed by the California CLASS Administrator. Additionally, California CLASS must be notified of any contributions by 11:00 a.m. PT to receive same day credit. **If funds are not received by 2:00 p.m. PT, contribution orders will be voided.**

Banking Information

Bank Name _____ Bank Routing Number (ABA) _____

Account Title _____ Account Number _____

Bank Contact _____ Contact's Phone Number _____

Wire ACH Both

Additional Banking Information (Optional)

Bank Name _____ Bank Routing Number (ABA) _____

Account Title _____ Account Number _____

Bank Contact _____ Contact's Phone Number _____

Wire ACH Both



Authorized Contacts

Authorized Signers Can:	Read-Only Users Can:
Approve changes to the Investor Profile Update banking/contact information Transfer funds Receive account updates	Receive account updates Request "view-only" access to monthly statements and transaction confirmations

Authorized Signer

Print First and Last Name

Title

Signature Required

Phone

Email

Fax

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

***(Signature Required if Authorized Signer)**

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

***(Signature Required if Authorized Signer)**

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Authorized Contacts (cont.)

Additional Contact (Optional)

Print First and Last Name

Title

***(Signature Required if Authorized Signer)**

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

***(Signature Required if Authorized Signer)**

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
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Additional Contact (Optional)

Print First and Last Name

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