



Cal Cities Municipal Finance 2023

It's Easier than you think! Building and Maintaining an Effective Investment Program For Your City

December 15, 2023

California
CLASS

DISCLOSURES

California CLASS 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 'AAAf/S1' 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 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk. 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.

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Public Trust is required to maintain a written disclosure brochure of our background and business experience. If you would like to receive a copy of our current disclosure brochure, privacy policy, or code of ethics please contact us.

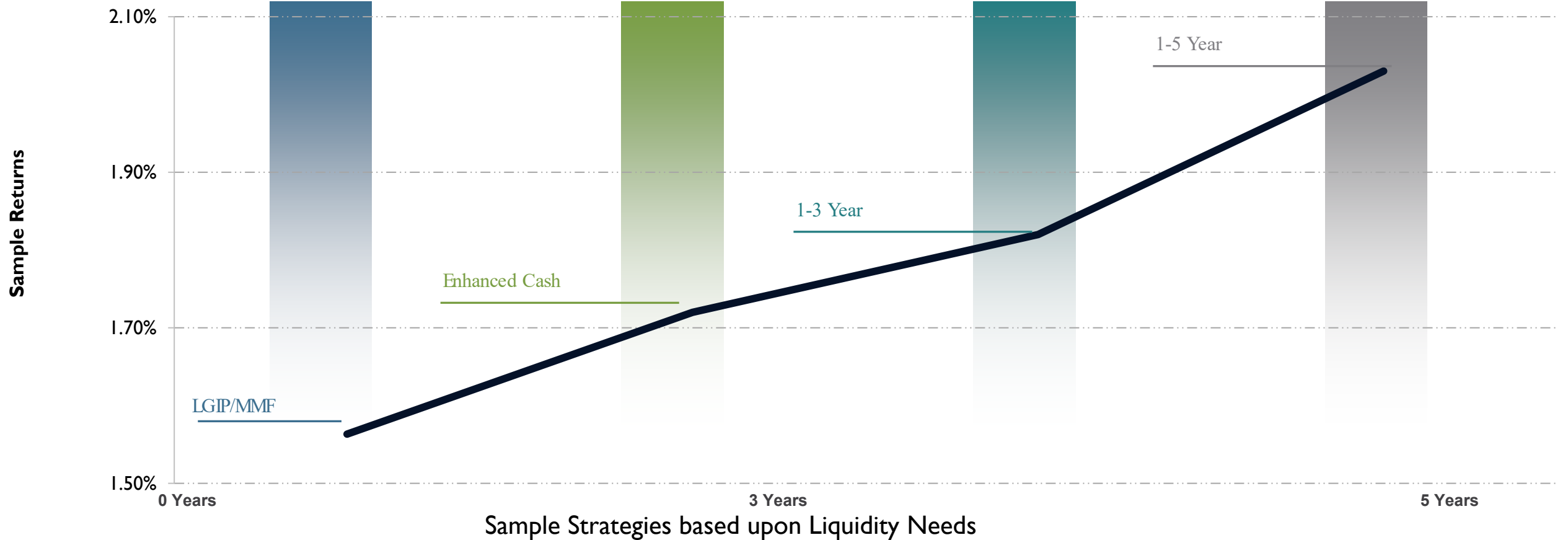
There is no guarantee that investment strategies will achieve the desired results under all market conditions, and each investor should evaluate its ability to invest long-term, especially during periods of a market downturn. This information may contain statements, estimates, or projections that constitute "forward-looking statements" as defined under U.S. Federal and other jurisdictions' securities laws. Any such forward looking statements are inherently speculative and are based on currently available information, operating plans, and projections about future events and trends. As such, they are subject to numerous risks and uncertainties. California CLASS is not a bank. An investment in California CLASS is not insured by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Please review the California CLASS Information Statement(s) before making an investment decision. For more information regarding the risks that are associated with investing in a prime-style or a enhanced cash-style local government investment pool, please visit www.californiaclass.com/rates-disclaimer/. **Past performance is not an indicator of future performance or results. Any financial and/or investment decision may incur losses.**

Key Investment Program Decisions

- Maintain an Updated Investment Policy
- Perform a Thorough Cash Flow Analysis
- Determine Appropriate Risk Tolerance For Your Entity
- Determine Appropriate Portfolio Sizing For Liquidity and Core Portfolios
- Evaluate Market Conditions and Economic Data
- Consider Historical Perspective and the Current Environment
- Understand Benefits (Enhanced Earnings, Dynamic Management Approach) and Risks involved with various Investment Strategies (Liquidity, Reinvestment, Credit)
- Assess the Relative Value of Your Investment Options
- Implement an Active and/or Passive Strategy for Core and Liquidity Funds based on Investment Management Goals and Objectives

Building Your Investment Strategy

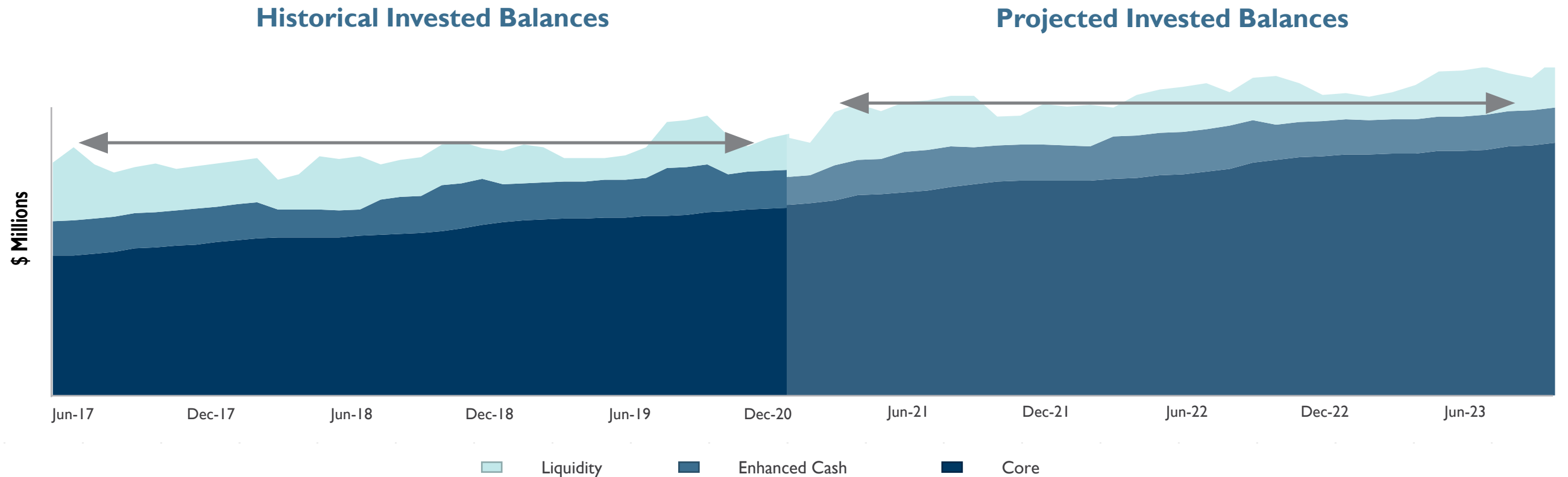
Based upon your specific goals and cash needs



Please refer to the disclosure slide of this presentation for more information. For illustration purposes only. Past performance is not an indication of future results. There is no guarantee that investment strategies will achieve the desired results under all market conditions, and each investor should evaluate its ability to invest long-term, especially during periods of a market downturn.

Cash Flow Planning: Historical and Projected Invested Balances

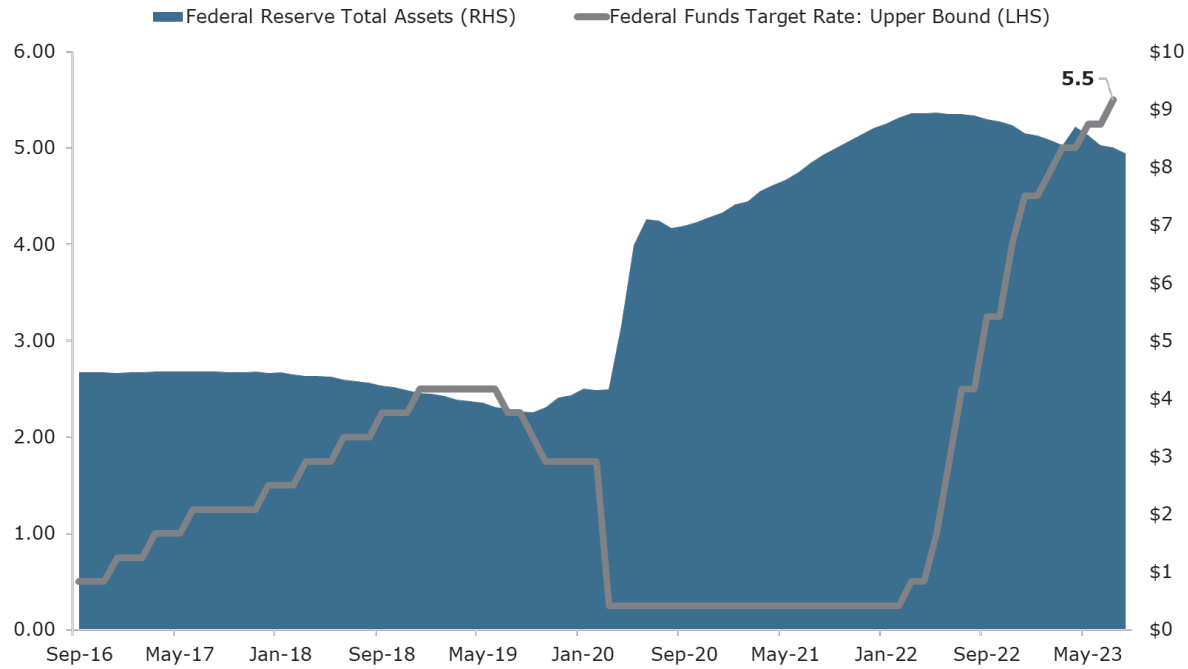
Ensuring sufficient liquidity allows the core portfolio to pursue longer maturities and greater expected returns over time.



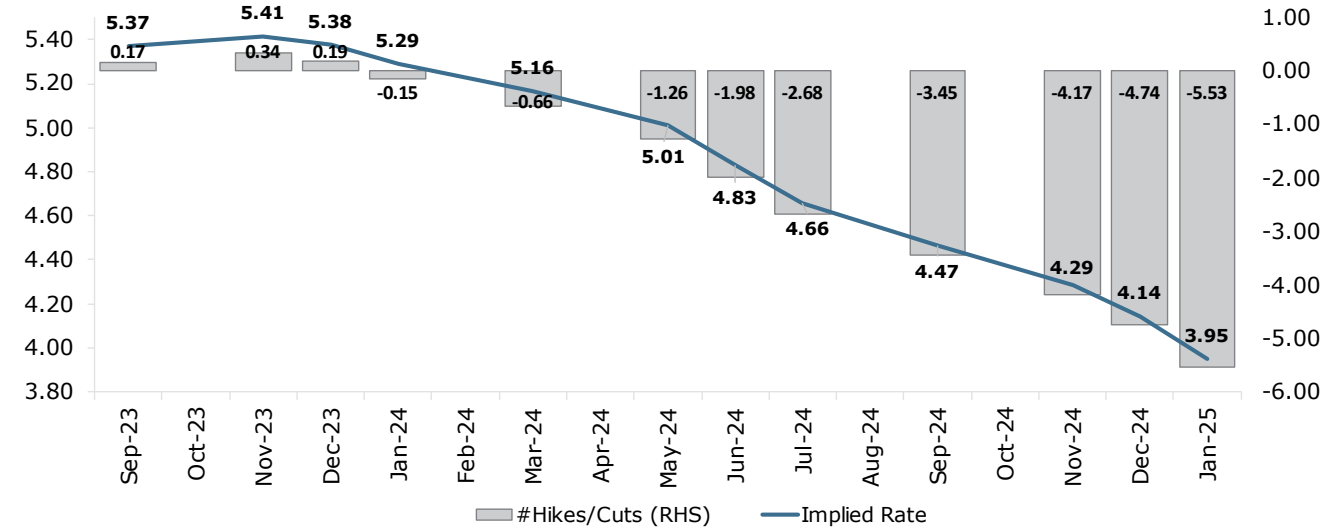
For illustration only. Not intended to present an actual cash flow scenario. Information should not be used to make an investment decision. Historical information is not an indicator of future cash flows.

Evaluate Market Conditions and Economic Data

Federal Reserve Raised the Federal Funds Rate by 0.75% in May & June



Fed Funds Futures Reflect Further Rate Hikes Followed By Cuts



The Federal Funds Target Rate is the short-term interest rate targeted by the Fed as part of its monetary policy. The target Fed Funds level was replaced by a “target range” in December 2008. The grey line represents the upper bound of the range while the shaded blue area illustrates the change in total assets held on the Fed’s balance sheet over time.

Each data point along the blue line represents the market-implied overnight rate after the corresponding FOMC meeting date. These rates are implied by the Federal Funds Futures contracts. The orange bars represent the number of 25 basis point rate hikes that are currently priced in.

What Are My Options?

- **California Joint Power Authority (JPA) investment pools**
 - California CLASS
 - CAMP
 - CalTrust

- **Money Market Funds and/or Bank Deposits**

- **LAIF**

- **Investments permitted by California Investment Code 5360 I**
 - Treasury and Agencies
 - Municipals
 - Commercial Paper
 - Corporate Notes

What is California CLASS?



- **California Joint Power Authority (JPA) created investment pool**
 - Stable Net Asset Value (NAV) Prime Style Fund – Rated ‘AAAm’ by S&P Global Ratings
 - Fluctuating NAV Enhanced Cash Style Fund – Rated ‘AAAf/SI’ by FitchRatings
 - Professionally managed by Public Trust Advisors, LLC
 - Lower cost structure than competing alternatives
 - **Custodian:** US Bank, **Auditor:** Cohen & Co. **Special Counsel:** Orrick, **General Legal Counsel:** Jarvis Fay
- **Governed by a Board of Trustees of your peers**
- **Created due to the demand to provide greater diversification and transparency in the California LGIP and short duration investment marketplace.**
- **Robust transaction and reporting portal**

LGIP Advantages

- Professional management of public funds
- Access to markets not typically available to smaller entities
- High levels of liquidity
- Institutional knowledge



Purpose

California CLASS is a Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with the state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns.

California CLASS was created for all California public agencies.

Please refer to the disclosure slide of this presentation for more information.

Why California CLASS? Why Now?



- **Lack of liquid and short-term investment options for California localities**
 - LAIF caps investment at \$75 million per entity
 - Banks are turning away deposits due to regulatory requirements and market conditions
 - SEC money market reform of 2018 force many localities into Government MMFs and/or bank deposits
 - Prime style MMF funds have outperformed Government style MMF funds 27 of the last 27 years by an average of 14 .4 basis points through multiple economic and interest rate cycles (gross of fees)*
- **ARPA funds, stimulus funding, and rising ad valorem revenues can be a factor in driving locality cash balances higher**
- **Demand for greater diversification and transparency in the California LGIP and investment marketplace**
- **Fund participants demand and appreciate oversight from a Board of Trustees of their peers who participate in the fund and have “skin in the game”**

• *Source: Crane’s money fund intelligence. Please refer to the disclosure slide of this presentation for more information.

California CLASS Partnership



- California Special District Association (CSDA)
- League of California Cities (Cal Cities)
- California CLASS endorsement approved by both Governing Boards



**California Special
Districts Association**
Districts Stronger Together



LEAGUE OF
**CALIFORNIA
CITIES**

Directed by Your Peers

California CLASS is supervised by a Board of Trustees comprised of eligible Participants of the program. The Board has the power to administer California CLASS and its affairs. The California CLASS Board enters into contracts and agreements on behalf of the program.

Any California public agency as defined in California

Government Code Section 53600 can participate in California CLASS.

Who Can Participate?



State Agencies



Counties



Public Districts



Cities



Public Corporations



Regional Transportation Commissions



County Boards of Education

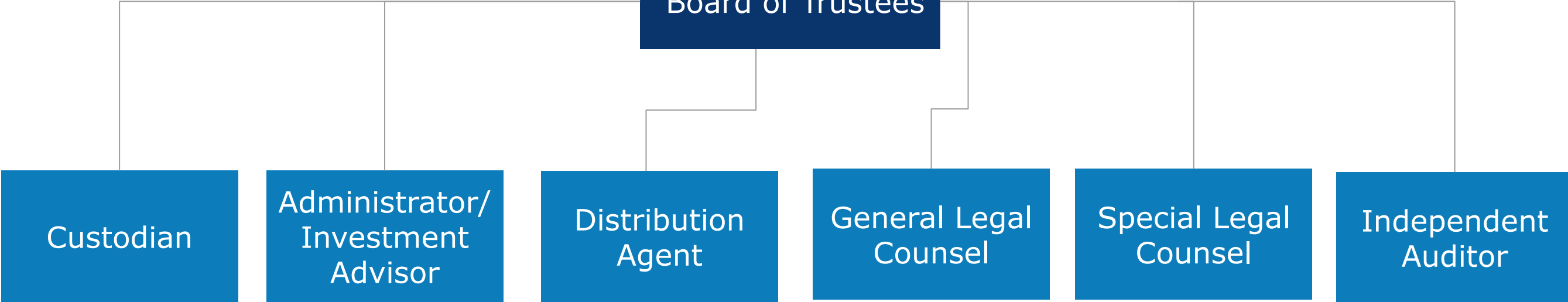


County Superintendents of Schools

California CLASS Oversight



Board of Trustees



Two Complementary Funds To Encourage Diversification



	CA CLASS	CA CLASS EC
Portfolio Type	Prime-style	Enhanced Cash
Purpose	Short-term liquidity	Investment horizon of 9 – 12 months
Rating	'AAAm'	'AAAf/SI'
Liquidity Offered	Daily	Next Day
Minimum Investment	None	None
Withdrawals	Unlimited	Unlimited
Accounts	Unlimited	Unlimited
Rate	Calculated Daily	Calculated Daily

California Local Government Investment Pool Options

	California CLASS		CAMP	Cal Trust		LAIF
Portfolio Type	Prime Style MMF	Enhanced Cash	Prime Style MMF	Prime Style MMF	Enhanced Cash	Enhanced Cash*
Purpose	Short term liquidity	Core reserve strategy	Short term liquidity	Short term liquidity	Core reserve strategy	Short term liquidity
Investment Advisor	PTA	PTA	PFM	Blackrock	Blackrock	CA State Treasurer
Rating	AAAm	AAAf SI	AAAm	AAAm	AAf SI+	Not Rated
Liquidity Offered	Daily	Next Day	Daily	Daily	Next Day	Daily
Investment Authorization	53601	53601	53601	53601	53601	I6430 and I6480.4
Weighted Average Maturity	60-day max	9mos – 1.25yr	60-day max	60-day max	0-2 Year	Unlimited**
Interest Paid	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly
Rate	Calculated Daily	Calculated Daily	Calculated Daily	Calculated Daily	Calculated Daily	Posted Weekly
Governance	Board of Trustees		Board of Trustees	Board of Trustees		Local Investment Advisory Board

Current Yields For Stable NAV Liquidity Options



	California CLASS	CAMP	Cal Trust	LAIF
Portfolio Type	Stable NAV	Stable NAV	Stable NAV	Enhanced Cash*
Purpose	Short term liquidity	Short term liquidity	Short term liquidity	Short term liquidity
7-Day Yield Rate as of 8/2/2022	5.42%	5.47%	4.77%	Not Posted

Source: California CLASSCAMP, CalTrust, LAIF Website - Please refer to the disclosure slide of this presentation for more information.

Benefits of Becoming a Participant

California CLASS leverages people, processes, and technology to maintain a low cost structure, resulting in more investment income returned back to our Participants.

Return

- Competitive daily yields
- Investment diversification

Liquidity

- Same-day liquidity
- Professionally managed portfolio

Convenience

- Effortless distributions to other public entities
- Easy access to all of your investments

Additional Features

Deposits by wire or ACH

Transaction and account statements provided

Dedicated Client Service representatives

Key Features

California CLASS is built to allow public agencies to conveniently manage their investments and access reporting in a user-friendly and easy-to-understand manner.



No Transaction Fees*,
No Minimum Balance



Unlimited Transactions



Future-Dated Transactions



Participant-to-Participant Transfers



Unlimited Subaccounts

Built to serve California public agencies!

*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. Please refer to the disclosure slide of this presentation for more information.

Introduction to Public Trust Advisors, LLC

- Public Trust Advisors, LLC (Public Trust) is an SEC registered independent investment advisor headquartered in Denver, Colorado, with offices in Los Angeles, Florida, New York, Texas, Ohio, New Mexico, Georgia, and Michigan
- Public Trust was founded on the fundamental principle of maintaining a single business focus of providing investment management and advisory services to government and institutional investors
- Public Trust is a national leader in providing customized investment advisory solutions based on the clients' unique cash flows, risk tolerances, and investment policies
- **Safety-first investment philosophy** that seeks to deliver superior risk adjusted returns consistently
- The Public Trust Executive Team includes managing partners with 100+ years of combined experience and a team of professionals that are dedicated to the safety of public funds
- Investment Advisor and/or Administrator for 18 local government investment pools (LGIP's) in 12 different states

Public Trust professional investment experience includes clients that were served by Public Trust employees currently and during their tenure with prior firms. Those entities may currently remain clients of the employees' previous employer.

Public Trust Investment Team

80%

Local Government Investment Pools

20%

Separately Managed Accounts

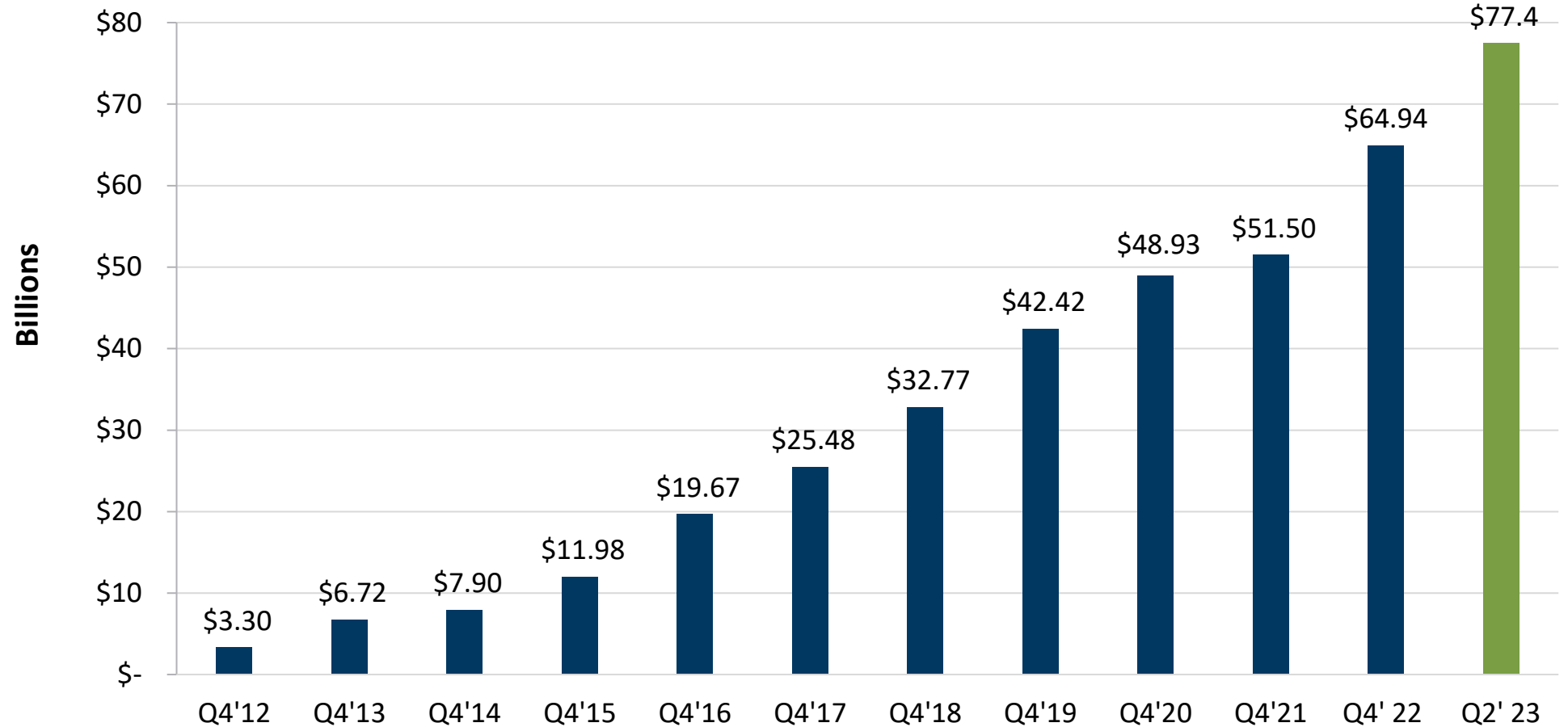
Government, Prime, and Fluctuating NAV

Seasoned, Dedicated Professionals

Customized Investment Solutions

Risk-Adjusted Returns

Growth in Assets Under Management



Source: Public Trust Advisors. Data unaudited. Public Trust Advisors, LLC took over the management and advisory services as noted in the disclosures page. 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. All calculations and results presented are for discussion purposes only and should not be used for making calculations and/or decisions. Asset growth is primarily the result of capital inflows, and to a lesser extent, other factors such as the reinvestment of interest and returns. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.** Please refer to the disclosure slide of this presentation for additional information.