

***Mendocino County Russian River Flood Control &  
Water Conservation Improvement District***

**STAFF REPORT**

**Agenda Item 6: California Class Investment Pool  
Monday, June 3, 2024**

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**The Strategic Plan** relevant priority is Administration through sound and sustainable management of District Finances.

**Background**

The District currently has both a checking and savings account at the Savings Bank of Mendocino. It also holds a Local Agency Investment Fund (LAIF) account. (<https://www.treasurer.ca.gov/pmia-laif/laif/index.asp>) See Consent Calendar Balance Sheet for more information.

The California Cooperative Liquid Assets Securities System (CLASS) program (<https://californiaclass.com>) is a pooled investment option established through a joint exercise of powers agreement among California public agencies and authorized under California Government Code Section 6509.7. It is an investment pool specifically designed to meet the growing investment needs of California public agencies. The program provides an opportunity for agencies to invest cooperatively in rated pools managed in accordance with state law and provides a diversification avenue for both daily liquidity and strategic reserve investments. Notably, this program is jointly sponsored by the California Special Districts Association (CSDA) and the League of California Cities.

The primary objectives of California CLASS are:

- 1) safety of investment principle,
- 2) daily and next day liquidity, and
- 3) optimized returns for participants.

California CLASS offers two investment fund options: Prime Portfolio and Enhanced Cash.

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

*(Continued...)*

The fund operates with transparent governance and is guided by a Board of Trustees composed of public finance officials. The Board hired Public Trust Advisors to provide investment expertise for the portfolio (California CLASS) with Local Government Investment Pools (LGIPs) like California CLASS in 12 different states with over \$81 billion in assets under management and the largest LGIP in the nation. Participation in California CLASS is open to all public agencies in California that have the authority to invest their treasury funds under CA Government Code Section 6500.

There are potential improvements to yield on savings and investment accounts (amount undetermined.) Note that the FDIC or any other government agency does not insure or guarantee an investment in California CLASS. Past fund performance is not a guarantee of future results. Any financial and/or investment decision may incur losses.

California CLASS Senior Director of Investment Services, Jerry Legg, has offered meetings and/or attend a future Board meeting to provide further information and answer questions.

Recommendation:

- Provide direction to the GM and Treasurer for developing any policy updates for future Board approval.

Attachments:

- California CLASS Features & Benefits
- California CLASS Prime Rate Sheet

Linked on website:

- CA CLASS Participant List
- CA CLASS Registration Packet

## What is California CLASS?

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

## How is it governed and managed?

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

## How can we participate?

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

## Sponsored By:



[www.calcities.org](http://www.calcities.org)



**California Special  
Districts Association**  
*Districts Stronger Together*

[www.csda.net](http://www.csda.net)

## CALIFORNIA CLASS FEATURES

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

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

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



## What are the objectives of California CLASS?

### Safety

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

### Liquidity

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

### Competitive Returns

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

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

### Ease of Use

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

### Flexibility

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

### Legality

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

**Have Questions?** Contact us or visit [www.californiaclass.com](http://www.californiaclass.com) for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the California CLASS Information Statement(s) before investing. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Please review the California CLASS Information Statement(s) before investing. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. The California CLASS Prime Fund is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). The California CLASS Enhanced Cash Fund is rated by '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](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk.

## Invest with California CLASS Prime

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

**Amount Invested**

**Start Date**

**End Date**

You would have earned  
**\$4,428.53**  
 on your investment if you started on  
**April 1, 2024**

California CLASS Investment Income Earned				
As of Date	Time	\$1M	\$5M	\$10M
Apr 01 - Apr 30	1 month	\$4,429	\$22,143	\$44,285
Nov 01 - Apr 30	6 months	\$27,562	\$137,812	\$275,624
May 01 - Apr 30	12 months	\$55,596	\$277,979	\$555,959

Months listed are in the years 2023-2024

### California CLASS Daily Yields as of Month-End

Month	Year	Month-End Yield
April	2024	5.3199%
March	2024	5.4330%
February	2024	5.4375%
January	2024	5.4710%
December	2023	5.5508%
November	2023	5.5691%
October	2023	5.5540%
September	2023	5.5193%
August	2023	5.4663%
July	2023	5.4443%
June	2023	5.2651%
May	2023	5.1880%

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



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