Michigan CLASS®

Information Statement

March 2023

Michigan CLASS Rated S&P 'AAAm'

Table of Contents

Section 28 of Article 7 of the Michigan Constitution of 1963 provides, among other things, that the legislature may authorize two or more local governmental entities to enter into contractual agreements to provide for the joint administration of functions which each entity would have the power to perform independently and to share the related costs and responsibilities with each other.

In accordance with this constitutional provision and certain statutory provisions incorporated in the Urban Cooperation Act of 1967 of the state of Michigan, the Agreement constitutes an interlocal trust agreement creating a legal entity established for the purpose of facilitating the joint investment of public sector surplus funds. Authority for the investment of public funds is included in Public Act 20 of 1943, Public Act 451 of 1976, Public Act 331 of 1966 and Public Act 94 of 1933, each as amended.

PART 1: PROGRAM OVERVIEW

A. General Information

Michigan Cooperative Liquid Assets Securities System (Michigan CLASS) is a product trade name used to designate a Michigan public sector joint investment program. It was established pursuant to a Participation Agreement (the Agreement) dated October 1, 1991, as most recently amended November 1, 2021, and as may be amended from time-to-time, by and among certain public sector entities having joined as Participants.

The program's Investment Advisor and Administrator is Public Trust Advisors, LLC (Public Trust), and the program's Custodian is Fifth Third Bank.

Upon execution of the appropriate governmental resolution authorizing a public entity to enter into the Agreement, Participants shall have the right to open, at no initial cost, as many Michigan CLASS accounts as they wish. They shall also have the right to deposit eligible surplus funds into any of their accounts on any business day without limitation as to the dollar amount or number of such transactions. Participants may also withdraw funds from their respective accounts on any business day up to an amount equal to the account balance and any accrued interest and/or realized capital gains thereon.

B. Board of Trustees

Investments made on behalf of the Participants are subject to the overall direction of the program's Board of Trustees that consists of up to 13 Trustees serving staggered terms on behalf of the Participants. The Board of Trustees approves the program's investment parameters that must also fall within the investment stipulations mandated under

Michigan statutes for the investment of surplus funds of the Participants. The Board of Trustees (the Board) has entered into an investment advisory administrative services agreement with Public Trust, who is responsible to the Board for all of the program's investments, administrative activities, and marketing services provided on behalf of the Participants.

C. Board Member Guiding Values

- Represent and serve the interests of all Participants
- Maintain the standard of safety
- Operate in a professional and ethical manner
- Work in unison with the Administrator to grow and improve the pool
- Ensure that Michigan CLASS is safe, liquid, and offers a competitive return
- Demand openness and accountability

D. Mission Statement

Michigan CLASS strives to offer public agencies in Michigan a safe, liquid, and competitive investment option. Michigan CLASS welcomes all legal public entities without favor to one type. The Board membership represents the diversity of such agencies and works to maintain a product that services the needs of all Michigan public agencies.

E. Vision Statement

Michigan CLASS strives to be the leading local government investment pool in the state offering investment services that serve the needs of all public entities.

F. Participation Eligibility

Participation in Michigan CLASS is available to any county, city, village, township, school district, authority, or any other political subdivision organized under the laws of the state of Michigan. To join, such public agencies need only to become party to the Participation Agreement by adopting the necessary authorizing resolution and by providing a certified copy of such resolution to the Administrator. The Administrator will then notify the Custodian and the other Participants in writing and commence the procedures necessary for the new Participant to begin using the program. Pursuant to applicable state law, Public Trust will review each entity's investment policy and return the appropriate acknowledgment.

PART 2: PROGRAM OBJECTIVES

The objectives of the Michigan CLASS program are to provide Participants with an investment alternative that emphasizes safety, liquidity, convenience, and competitive rates of return. The program is designed specifically to accommodate the needs of Michigan public sector investors. In addition, periodic meetings with and surveys of the Participants assure user input in the design and administration of program features.

A. Safety

The objective of safety in the deployment of Michigan CLASS funds is sought through the direct purchase (or through repurchase agreements) of short-term, high-quality investments permissible as investments for surplus public funds in the state of Michigan. An overall program objective is to manage investment quality and maturity to maintain a stable portfolio net asset value. Investments are also managed conservatively to accommodate cash flow expectations and to mitigate market timing risk.

Administrative elements of the Michigan CLASS program are designed to prevent incidence of fraud or error. Many safeguards further protect Michigan CLASS funds under management including daily verification of transactions; assignment of credentials for online transactions; and the use of only pre-designated bank accounts, listed in the name of respective Participants, to which Michigan CLASS funds withdrawals may be done via wire or ACH.

Besides investing Michigan CLASS funds only in securities legally permitted by Michigan Law, Michigan CLASS has achieved a 'AAAm' rating by S&P Global Ratings and offers the benefit of an annual audit by an independent auditing firm.

B. Liquidity

Liquidity is a key element of the program. Portfolio maturity and duration parameters are established to provide for the liquidity needs of the Participants since they may deposit or withdraw funds on any business day up to the amount of their balances on deposit (including accrued interest and/or capital gains realized thereon).

All funds are fully invested each night, and securities that constitute the program's investments and/or securities that are subject to repurchase agreement are fully delivered to the Custodian to be held for the exclusive benefit of the Participants until maturity or sale. In the case of repurchase agreement transactions, securities subject to repurchase must equal in current market value at least 102% of the amount of the investment. Such collateral is marked-to-market daily with a deficiency make-up provision enforced if necessary.

In addition, the use of only the highest quality investments with a maximum maturity of two years or less assures the added benefit of underlying asset marketability. The net result of these liquidity features is that Participant cash is available in the amount necessary when needed.

C. Convenience

Many program features ensure convenient account access and ease of recordkeeping. For example, Participants may make account transactions on any business day via the Michigan CLASS online transaction system. All contribution and withdrawal forms are designed for ease of use and are also available via the online transaction system.

Any number of Participant accounts may be established to track and parallel internal fund accounting practices. Monthly statements are comprehensive and provide daily account activity and transaction numbers. Michigan CLASS statements establish a clear accounting and audit trail for Participant investment records. Monthly statements and investment holdings are available within the first three business days of the month via the online transaction system.

Account information or assistance is available every business day from Michigan CLASS Client Services. Transactions can be prepared in advance in anticipation of important dates, avoiding unfortunate timing problems or cash access emergencies.

Optional features include direct deposit of school state aid payments, state revenue sharing warrant lock box, and ACH service. All program features have been designed in cooperation with professionals who have public sector financial experience to facilitate the maximum level of cash management efficiency and simplicity.

D. Market Returns

Competitive portfolio yield is sought by utilizing the services of the investment advisor's seasoned professional investment managers and credit researchers for the Michigan CLASS program.

Michigan CLASS seeks to promote maximization of account performance in a dynamic market environment while avoiding unnecessary risk or portfolio timing problems. By investing together, Participants can take advantage of possible economies of scale relative to transaction and clearance costs, custody arrangements, and valuation costs.

In addition, overall portfolio performance should be enhanced as a result of the effect of differences in cash flow cycles from one Participant to another; this allows for slightly longer average investment maturities than would be the case if Participants invested alone, thereby increasing aggregate portfolio yields.

PART 3: INVESTING THROUGH MICHIGAN CLASS

A. Permitted Investments

Pursuant to direction by the Board and in conformance with applicable Michigan Laws governing investment options for Participants, funds of the Participants are invested in high-quality, short-term fixed-income instruments selected to provide for program safety, liquidity, and competitive rates of return. Eligible instruments include:

- U.S. Treasury obligations,
- Federal agency obligations of the U.S. government,
- High-grade commercial paper (at least A1/P1 rated),
- Bankers' acceptances issued by FDIC-member U.S. banks,
- Repurchase agreement transactions executed with highly rated counterparties (collateralized at 102% of the face amount of the agreement),
- Certificates of deposit issued in accordance with all applicable Michigan Statutes, and
- Approved money market mutual funds for eligible Participants

B. Investment Risks

Participants should specifically consider the following risks before deciding to invest in the Michigan CLASS 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 Michigan CLASS 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 Michigan CLASS will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in Michigan CLASS 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.

Stable Net Asset Value Risks

Although Michigan CLASS 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 Michigan CLASS is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Liquidity Risk

Michigan CLASS 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.

C. Program Vendors

Public Trust Advisors, LLC, an SEC registered investment advisor, serves as the Michigan CLASS program Investment Advisor and Administrator. In addition to rendering investment and advisory services on a discretionary basis to the Participants, Public Trust also provides a full range of administrative services in conjunction with the program. All Michigan CLASS recordkeeping, portfolio accounting, Participant account reporting, securities valuation services, and general organizational and marketing activities are coordinated and managed on behalf of the Participants by Public Trust.

Public Trust Advisors, LLC is headquartered at 717 17th Street, Suite 1850, Denver, CO 80202. Its phone number is (855) 395-3954. Public Trust provides investment advisory and/or administrative services for similar public sector cooperative investment programs in a number of states across the country including Colorado, Florida, New York, Texas, and Michigan.

The Michigan CLASS Custodian is Fifth Third Bank. All investment securities and securities transacted on behalf of the participants are maintained in a segregated account with the Custodian and held for the exclusive benefit of the Participants. No other Michigan CLASS vendor has access to the assets managed under the program. Participants maintaining separate Fifth Third Bank depository accounts in their own names are eligible to transfer funds between such accounts and their Michigan CLASS accounts without incurring wire charges, subject to advance notification to Public Trust.

Barnes & Thornburg, LLP serves as legal counsel to Michigan CLASS. The firm is located at 11 South Meridian Street, Indianapolis, IN 46204, and its phone number is (317) 231-6425.

An independent certified public accounting firm, Cohen & Co., has been engaged to audit the annual financial statements of Michigan CLASS. The audit contains 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 Michigan CLASS made in accordance with generally accepted accounting principles (GAAP).

D. Program Fees

Pursuant to its agreement with the Board of Trustees, Public Trust charges a management fee for its services that covers all costs related to Michigan CLASS. This management fee is a charge from the Investment Property Value (the daily fee). This daily fee accrues on a daily basis and is paid monthly in arrears and prorated for any portion of the month in which the 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 monthly on the first business day of each month and shall be based on the following sliding scale:

$0 - $6 billion	0.13% (13 bps)
> $6 billion	0.12% (12 bps)

E. Additional Information

This Information Statement is designed to provide a general overview of the Michigan CLASS program. Reference should be made to the Participation Agreement for a complete description of the rights and obligations of the Participants. To obtain further information and a copy of the Participation Agreement, please visit www.michiganclass.org/document-center.

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. Michigan CLASS is not a bank. An investment in Michigan CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Michigan CLASS 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.

03/23 Managed by Public Trust Advisors, LLC

CONTACT INFORMATION

1760 Abbey Rd Suite 200
East Lansing, MI 48823
T (855) 382-0496 | F (855) 381-0496
clientservices@michiganclass.org
www.michiganclass.org