



**CalFIT<sup>®</sup>**

*An Investment Pool for California Public Investors*

# **Information Statement**

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**Stable Value Pool Information Statement  
California Fixed Income Trust (“CalFIT”)**

**Adopted: January 16, 2026**

**1 INTRODUCTION**

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The purpose of this Information Statement is to provide information to Participants (as defined herein) in connection with the purchase of Shares (as defined herein) in the Stable Value Pool (referred to in the Joint Exercise of Powers Agreement as the “Stable NAV Portfolio.” This Information Statement for the Stable Value Pool describes certain provisions of the JPA Agreement (as defined herein) for CalFIT and the Investment Policy for the Stable Value Pool. Participants interested in the purchase of Shares in the Stable Value Pool should review the full terms of the JPA Agreement and the Investment Policy for the Stable Value Pool described herein, located at [www.calfitfund.com](http://www.calfitfund.com). 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 Stable Value Pool.

**2 CALFIT STABLE VALUE POOL SUMMARY**

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The California Fixed Income Trust, doing business as CalFIT, 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, CalFIT was created pursuant to a Joint Exercise of Powers Agreement (JPA Agreement) dated as of July 22, 2025, between the Founding Members (as defined in the JPA Agreement).

The Act authorizes a joint powers authority, such as CalFIT, 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 Participants.**” The JPA Agreement sets forth the terms of the investment program known as the CalFIT Investment Program, including the establishment of Pools in which Participants purchase shares of beneficial interest issued by CalFIT in authorized investments that are owned by CalFIT. The Stable Value Pool is the initial Pool established by CalFIT.

The purpose of CalFIT 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 CalFIT Investment Program.

As a joint powers authority, CalFIT provides a professionally managed pooled investment program for Participants. See “**Investment Adviser & Administrator.**” Pursuant to the JPA Agreement, CalFIT is governed by a Board. See “**Board.**”

The Shares in the Stable Value Pool have not been, and are not required to be, registered under any federal or state securities law. CalFIT has not been, and is not required to be, registered under the Investment Company Act of 1940, as amended. Accordingly, CalFIT and its Stable Value Pool 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.

### **3 STABLE VALUE POOL GENERAL OBJECTIVES**

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CalFIT provides a professionally managed pooled investment program for Participants. The general objective of the Stable Value Pool is to generate additional investment income for the Participants while maintaining safety and liquidity. The Stable Value Pool is managed by the Board to comply with the requirements of California law.

As described below, the investment objectives of the Stable Value Pool are to preserve principal, provide daily liquidity, earn a competitive rate of return, comply with GASB 79, and strive to maintain a stable Net Asset Value (“NAV”) of \$1.00. The Stable Value Pool accrues net income daily and pays net income on a pro rata basis monthly.

CalFIT has established that the Stable Value Pool will have a maximum dollar-weighted average maturity (“WAM”) of 60 days and a maximum weighted average life (“WAL”) of 120 days. Ten percent of the Stable Value Pool’s total assets must be liquid daily, and thirty percent must be liquid weekly at the time of the most recent security purchase per GASB 79. The calculation of liquidity will comply with the GASB 79 rules for direct and non-direct U.S. government securities. The Investment Policy created by CalFIT for the Stable Value Pool establishes the investment objectives, policies and restrictions that are designed to facilitate the achievement of these objectives. The full Investment Policy is included below.

The Investment Adviser for the Stable Value Pool will seek to maintain a ‘AAAm’ rating from S&P Global Ratings or the equivalent on the Stable Value Pool. 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.<sup>1</sup>

The investment objectives of the Stable Value Pool in order of priority are:

- **Safety:** Safety of principal is the foremost objective of the investment program. The Stable Value Pool is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.
- **Liquidity:** The Stable Value Pool is managed to provide daily liquidity to its Participants. See above for description of the maximum WAM and WAL for investments in the Stable Value Pool.

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<sup>1</sup> <https://www.spglobal.com/ratings/en/products/principle-stability-fund-ratings>

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- **Competitive Returns:** The Stable Value Pool is managed to generate competitive returns taking into account the investment risk constraints for safety and liquidity needs.

No assurances can be given that the investment objectives of the Stable Value Pool will be achieved.

### 4 TRANSPARENCY

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CalFIT seeks to provide transparency to Participants in the Stable Value Pool by allowing Participants to readily obtain portfolio and account information. CalFIT will offer dedicated Participant support with a technology platform. Historical and current performance data, net asset value (NAV), weighted average maturity (WAM), and weighted average life (WAL) are published and available to Participants on the CalFIT website. Portfolio holdings are published no later than monthly. Participant account statements are published and available to Participants on the CalFIT website on a monthly basis.

### 5 ELIGIBLE PARTICIPANTS

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

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.

### 6 STABLE VALUE POOL INVESTMENT POLICY

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Funds in the Stable Value Pool are required to be invested by the Investment Adviser in investments permitted by California law and this Investment Policy as established by CalFIT. As required by California law, funds in the Stable Value Pool will be invested by the Investment Adviser in accordance with the prudent investor standard of the California Government Code.

The Stable Value Pool shall be invested to comply with Section 53635 of California Government Code, which applies to a local agency that is a county, a city and a county, or other local agency that pools money in deposits or investments with other agencies, and with the relevant provisions of Section 53601 of California Government Code. Each Participant is responsible for monitoring its investments to ensure its own compliance with California Government Code. Moreover, each Participant is responsible for ensuring compliance with its own internal

policies and restrictions on investments. None of CalFIT, the Administrator, the Investment Adviser, the Custodian, or any other agents of CalFIT shall be responsible for such monitoring or compliance.

### 6.1 INVESTMENT OBJECTIVES

As listed above in the section titled “Stable Value Pool General Objectives,” the objectives of the Stable Value Pool are to preserve principal, provide daily liquidity, manage investment risks, earn a competitive market rate of return, comply with California law and GASB 79, and strive to maintain a stable Net Asset Value (NAV) of \$1.00.

The Stable Value Pool shall have a maximum dollar-weighted average maturity (WAM) of 60 days and a maximum weighted average life (WAL) of 120 days. Ten percent (10%) of the Stable Value Pool’s total assets must be daily liquid and thirty percent (30%) must be weekly liquid at the time of the most recent security purchase per GASB 79.

The Investment Adviser for the Stable Value Pool will seek to maintain a rating in the highest rating category by a nationally recognized statistical rating organization (NRSRO), reflecting the highest underlying credit quality and relatively short-term maturity profile.

The investment objectives of the Stable Value Pool, in order of priority, are:

- **Safety** - Safety of principal is the foremost objective of the investment program. The Stable Value Pool is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.
- **Liquidity** - The Stable Value Pool will be managed to provide daily liquidity to its Participants. See above for description of the maximum WAM and WAL for investments in the Stable Value Pool.
- **Competitive Returns** – The Stable Value Pool is managed to generate competitive returns, taking into account the investment risk constraints for safety and liquidity needs.

No assurance can be given that the investment objectives of the Stable Value Pool will be achieved.

### 6.2 AUTHORIZED INVESTMENTS

The Stable Value Pool’s investments are governed by California Government Code, Sections 53600 *et seq* and 53635 . and shall comply with GASB 79. Within the investments permitted by the Code, the Board of Trustees (Board) of CalFIT has established these guidelines which in some cases may be more restrictive. The Board may amend or revise this investment policy from time to time in accordance with the JPA Agreement.

At the time of the investment’s maturity or liquidation, such funds shall be reinvested only as provided in the current policy. Percentage holding limits and minimum credit requirements listed in this section apply at the time the security is purchased. Maturity date is measured from the date of trade settlement.

In the event that a security owned by the Stable Value Pool is downgraded below the requirements of this investment policy, making the security ineligible for additional purchases, the Investment Adviser shall evaluate the circumstances and, at its sole discretion, make a determination to hold or sell the affected securities based upon a review of the issuer’s

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financial condition, credit outlook, the security's remaining term to maturity, and other relevant considerations.

1. U.S. Treasuries and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the Stable Value Pool may invest in U.S. Treasuries, provided that:
  - The maximum maturity is 397 days for fixed rate obligations and 762 days for variable rate obligations.
2. Federal Agencies or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Authorized securities include agency mortgage-backed securities. There are no limits on the dollar amount or percentage that the Stable Value Pool may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:
  - The maximum maturity is 397 days for fixed rate obligations and 762 days for variable rate obligations.
3. Municipal Securities include obligations of the State of California and any local agency within the State of California, provided that:
  - The maximum maturity is 397 days
  - The securities are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.
4. Municipal Securities (Registered treasury notes or bonds) of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
  - The maximum maturity is 397 days
  - The securities are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.
5. Banker's Acceptances, provided that:
  - The maximum maturity is 180 days.
  - They are issued by institutions which have short-term debt obligations rated "A-1" or the equivalent or higher by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.
  - No more than 40% of the Stable Value Pool may be invested in Banker's Acceptances.
  - No more than 5% of the Stable Value Pool may be invested in any single issuer.
6. Commercial Paper, provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:
  - a. Securities issued by corporations:
    - (i) A corporation organized and operating in the United States with assets more than \$500 million.

- (ii) The securities are rated “A-1” or the equivalent or higher by at least one NRSRO.
      - (iii) If the issuer has other debt obligations, they must be rated in a rating category of “A” or the equivalent or better by at least one NRSRO.
    - b. Securities issued by other entities:
      - (i) The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
      - (ii) The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
      - (i) The securities are rated “A-1” or the equivalent or higher by at least one NRSRO.
  - The maximum maturity is 397 days.
  - No more than 40% of the Stable Value Pool may be invested in Commercial Paper.
  - No more than 5% of the Stable Value Pool may be invested in any single issuer of commercial paper.
7. Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:
- The maximum maturity is 397 days.
  - Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated “A-1” or the equivalent or higher by at least one NRSRO; or long-term obligations rated in a rating category of “A” or the equivalent or higher by at least one NRSRO.
  - No more than 30% of the total portfolio may be invested in NCDs.
  - No more than 5% of the Stable Value Pool may be invested in any single issuer.
8. Repurchase Agreements collateralized with securities authorized under sections 1 and 2 of the authorized investments in this investment policy, without regard to maturity date, maintained at a level of at least 102% of the notional value of the Repurchase Agreement. Since the market value of the underlying collateral is subject to daily fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought to at least 102% by the next business day. There are no limits on the dollar amount or percentage that the Stable Value Pool may invest in repurchase agreements, provided that:
- The maximum maturity is one year.
  - Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third party custodian.
  - Repurchase Agreements are subject to a tri-party Master Repurchase Agreement between the Stable Value Pool, custodian, and the provider of the repurchase agreement.
  - The repurchase agreement counterparty or its parent must have a short-term credit rating of “A-1” or the equivalent or higher by a NRSRO (or its long-term equivalent category.)
9. Corporate Medium Term Notes (MTNs) where the issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, provided that:

- The maximum maturity is 397 days.
  - The securities are rated in a rating category of “A” or the equivalent or higher by at least one NRSRO.
  - No more than 30% of the total portfolio may be invested in MTNs.
  - No more than 5% of the Stable Value Pool may be invested in any single issuer.
10. Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from issuers not defined in sections 1, 2 and 6 of the Authorized Investments section of this policy, provided that:
- The maximum maturity is 397 days.
  - The securities are rated in a rating category of “AA” or the equivalent or higher by a NRSRO.
  - No more than 20% of the Stable Value Pool may be invested in these securities.
  - No more than 5% of the Stable Value Pool may be invested in any single private label Asset-Backed or Commercial Mortgage security issuer.
11. Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:
- The money market mutual fund must have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
  - The money market mutual fund must have attained the highest ranking or the highest letter and numerical rating provided by at least two (2) NRSROs.
  - The money market mutual fund must strive to maintain a net asset value of \$1.00.
  - No more than 20% of the Stable Value Pool may be invested in money market mutual funds.
  - No more than 20% of the Stable Value Pool may be invested in the shares of any one money market mutual fund.
12. Supranationals that are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, provided that:
- The maximum maturity is 397 days.
  - The securities are rated in a rating category of “AA” or the equivalent or higher by a NRSRO.
  - No more than 30% of the total portfolio may be invested in these securities.
  - No more than 10% of the Stable Value Pool may be invested in any single issuer.
13. Prohibited Investment Vehicles and Practices
- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
  - In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
  - Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
  - Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.
- a. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

### 6.3 DELIVERY AND CUSTODY

1. **Delivery-versus-Payment (DVP):** Investment transactions shall be conducted on a delivery-versus-payment basis.
2. **Custody:** All cash and securities in the Stable Value Pool shall be held in the Stable Value Pool's name by a third party custodian, acting as agent for the Stable Value Pool under the terms of a custody agreement executed by the bank and the Stable Value Pool. All investment transactions will require a trade ticket or acknowledgment generated from the trade. A monthly report will be received by the Stable Value Pool from the custodian listing all securities held in safekeeping with current market data and other information.

The only exceptions to the foregoing shall be: (i) money market mutual funds (ii) repurchase agreements since these securities are not deliverable. Each Participant, by its investment in the Stable Value Pool, is certifying that it is legally authorized to make such investment. Participants should consult with their legal counsel and/or advisers regarding the legality of investment funds in the Stable Value Pool.

## 7 SHARES; INTERESTS OF PARTICIPANTS

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The JPA Agreement provides that the beneficial interests of the Participants in the assets of the Stable Value Pool 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 Pool within the CalFIT Investment Program, including the Stable Value Pool. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Pool, including the Stable Value Pool. 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 Pool, including the Stable Value Pool, is unlimited. All Shares in a Pool, including the Stable Value Pool, shall be of one class representing equal distribution and 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 CalFIT Investment Program or the Investment Property held in the applicable Pool, including the Stable Value Pool. Title to the Investment Property held in the applicable Pool, including the Stable Value Pool, of every description is vested in CalFIT. The Participants shall have no interest in the Investment Property held in the applicable Pool, including the Stable Value Pool, 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 CalFIT.

In its discretion, CalFIT 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 Pool, including the Stable Value Pool) 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 Pools, such as the Stable Value Pool), and on such terms as CalFIT may deem best. In connection with any allocation of Shares, CalFIT may allocate fractional Shares. From time to time, CalFIT may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Pool, including the Stable Value Pool. 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 Pools, such as the Stable Value Pool. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

### **8 INVESTMENT RISKS**

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Participants should specifically consider the following risks before deciding to purchase Shares of the Stable Value Pool. The following summary does not purport to be comprehensive or definitive of all risk factors.

#### **8.1 INTEREST RATE RISKS**

The prices of the fixed-income securities in the Stable Value Pool 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 Adviser will seek to manage this risk by purchasing short-term securities.

#### **8.2 CREDIT RISKS**

Credit risk is the possibility that an issuer of a fixed-income security held in the Stable Value Pool will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in the Stable Value Pool will lose money. The Investment Adviser 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 Adviser's credit research team. The Investment Policy for the Stable Value Pool contains a description of the minimum credit quality for each category of eligible investment in the Stable Value Pool.

#### **8.3 STABLE NET ASSET VALUE RISKS**

Although the Stable Value Pool is managed to maintain a stable NAV of \$1.00 per Share, there is no guarantee that it will be able to do so.

#### **8.4 INVESTMENT NOT INSURED OR GUARANTEED**

An investment in the Stable Value Pool is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

### **9 BOARD**

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Pursuant to the JPA Agreement, the management of CalFIT is governed by a Board (Board). The Board supervises CalFIT and its affairs and acts as the liaison between the Participants, the Custodian, the Administrator, the Investment Adviser, and all service providers.

The Board approved the Investment Policy for the Stable Value Pool 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 Stable Value Pool, the amended Investment Policy will be posted to the website of CalFIT.

See [www.calfitfund.com](http://www.calfitfund.com) for a description of the current Trustees and officers of CalFIT.

### **10 INVESTMENT ADVISER & ADMINISTRATOR**

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Pursuant to an agreement with CalFIT, Chandler Asset Management, Inc. ("Chandler") serves as the Investment Adviser and Administrator for the CalFIT Investment Program.

As Investment Adviser, Chandler provides investment services to CalFIT, including the Stable Value Pool. Chandler is an investment advisory firm headquartered in San Diego, CA and is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940.

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

### **11 CUSTODIAN**

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Pursuant to an agreement with U.S. Bank, U.S. Bank serves as Custodian and depository for the CalFIT Investment Program.

As Custodian, U.S. Bank acts as directed custodian for the CalFIT Investment Program, including the Stable Value Pool, and serves, in accordance with California law, as the depository in connection with the direct investment and withdrawal mechanisms of the CalFIT Investment Program. The Custodian does not participate in the investment decision making process of the CalFIT Investment Program.

The Custodian shall hold the Investment Property in its capacity as Custodian on behalf of CalFIT. Such Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, an asset of the Custodian.

## Information Statement

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

### **12 INDEPENDENT AUDITORS**

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An independent certified public accounting firm has been engaged to audit the annual financial statements of CalFIT. 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 CalFIT made in accordance with generally accepted accounting principles ("GAAP"). The fiscal year ends each June 30.

### **13 HOW TO BECOME A PARTICIPANT**

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See "**Eligible Participant**" to determine if you are eligible to be a Participant in the CalFIT Investment Program. Any prospective Participants seeking to purchase Shares in the Stable Value Pool should review the JPA Agreement and this Information Statement, as well as the Investment Policy (included in the Information Statement) for the Stable Value Pool, and then simply complete the CalFIT Registration Packet found on the CalFIT website (located at [www.calfitfund.com](http://www.calfitfund.com)). In order to become a Participant in the CalFIT Investment Program, Participants may apply for CalFIT Member status pursuant to Article 2.1 of the Joint Exercise of Powers Agreement, or may also become a Participant and invest without becoming a Member of CalFIT.

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 Stable Value Pool may be effectuated through the CalFIT Participant Portal or by calling 1-844-915-5700. Secure online access will be available to Participants with respect to their accounts. Information with respect to the Stable Value Pool, including yield information, up-to-date account information, and a transaction history will be available online. Confirmations of each subscription (purchase of Shares) and redemption (sale of Shares and withdrawal of funds) of funds will be available online to a Participant within one business day of the transaction.

### **14 PURCHASE OF SHARES; INVESTMENTS**

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Participants may purchase Shares in the Stable Value Pool by Automated Clearing House ("ACH") transfer or wire transfer from the Participant to the Custodian, as described in the Investment Procedures set forth below. CalFIT does not charge a fee for receipt of wire or ACH subscriptions. However, a Participant's bank may charge a fee for ACH or wiring funds.

There is no maximum or minimum amount that must be invested in the Stable Value Pool 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 CalFIT.

### **14.1 INVESTMENT PROCEDURES (SUBSCRIPTIONS)**

1. The Participant shall communicate to the Administrator via either the CalFIT Participant Portal or phone call, indicating the amount to be invested in the Stable Value Pool and indicating in which account of the Stable Value Pool 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 for which notification has been received by CalFIT by 12:00 p.m. PT and received by the Custodian end of the business day will be used to purchase Shares in the Stable Value Pool.
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. In the event that a purchase notification is received, but the corresponding wire or ACH is not received, the Participant may incur a penalty. This penalty shall be deducted from the Participant's account.
6. The Participant is prohibited from requesting payments from amounts credited to its balance in the Stable Value Pool 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.

### **15 REDEMPTION OF SHARES; WITHDRAWALS; TRANSFERS**

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Redemptions of Shares from the Stable Value Pool 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 Stable Value Pool 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 Stable Value Pool nor are 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 CalFIT.

Each Participant, by its investment in any Pool, including the Stable Value Pool, agrees that CalFIT 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 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

## Information Statement

CalFIT, when an event occurs to temporarily suspend or postpone a Participant's right of redemption. Participants should refer to the JPA Agreement for additional details.

Transfers among the Stable Value Pool and another Pool within the CalFIT Investment Program will be considered a withdrawal from one Pool and a contribution to another subject to the requirements described in this Information Statement.

### **15.1 PAYMENT PROCEDURES (REDEMPTIONS)**

1. The Participant shall communicate to the Administrator via either the CalFIT Participant Portal or phone call, indicating the amount requested to be redeemed and shall specify from which account of the Stable Value Pool the payment is to be debited.
2. The Participant shall notify the Administrator of the amount requested, and include any wire, electronic transfer, or other payment instructions.
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 Stable Value Pool with pre-established wire instructions will be honored on a same-day basis if received by the Administrator prior to 12:00 p.m. PT.
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 Stable Value Pool.
5. Funds redeemed may be sent out as a wire or ACH throughout the day, and while CalFIT will endeavor to make redeemed funds available as soon as possible, timing for receipt of wires and ACH may be dependent on the Custodian's procedures for processing redemptions of funds.

These Payment 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.

### **16 PORTFOLIO TRANSACTIONS**

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Subject to the general supervision of the Board, the Investment Adviser is responsible for placing the orders for the purchase and sale of securities within the Stable Value Pool, referred to herein as "portfolio transactions." The portfolio transactions within the CalFIT Investment Program, including the Stable Value Pool, occur only with broker-dealers acting as principals except for commercial paper transactions that may be placed directly with the issuers. Although CalFIT does not ordinarily seek but nonetheless may make profits through short-term trading, the Investment Adviser may, on behalf of CalFIT, dispose of any portfolio investment prior to its maturity if such disposition is advisable. However, since brokerage commissions are not typically paid on the types of investments in which the Stable Value Pool is likely to invest, any turnover resulting from such investments should not adversely affect the NAV of the Stable Value Pool.

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

### 17 VALUATION OF STABLE VALUE POOL SHARES

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The Administrator determines the NAV of the Shares of the Stable Value Pool at least daily using the amortized cost method of valuation. This method involves valuing each investment at cost on the date of purchase and assuming a constant amortization to maturity of any discount or premium. Amortized cost valuation provides certainty in valuation but may result in valuations that are higher or lower than the market price of a particular portfolio security. As a result, the Stable Value Pool has implemented a NAV Monitoring Policy which requires the portfolio to be additionally priced on a mark-to-market basis at least weekly using a third-party pricing service. In the event that the net asset value based on market prices falls outside certain tolerance levels (\$0.9950 and \$1.005), the Stable Value Pool has implemented procedures for certain additional actions or disclosures.

The NAV per Share of the Stable Value Pool is computed by dividing the total value of the securities and other assets of the Stable Value Pool, less any liabilities, by the total outstanding Shares of the Stable Value Pool. Expenses and fees of CalFIT 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 Stable Value Pool are sold and redeemed will not reflect unrealized gains or losses on securities within the Stable Value Pool 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 Stable Value Pool should exceed \$.005 per Share, the Stable Value Pool'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 Stable Value Pool 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 Stable Value Pool 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 Stable Value Pool may be affected by general changes in interest rates resulting in increases or decreases in the value of the securities in the Stable Value Pool. The fair market value of the Stable Value Pool'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.

#### 17.1 COMPUTATION OF YIELDS

A daily and seven-day average yield for the Stable Value Pool are calculated by the Administrator. 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 Stable Value Pool 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 Stable Value Pool since the yield is not fixed. Actual yields for the Stable Value Pool will depend not only on the type, quality, and maturities of the investments held by the Stable Value Pool and the changes in interest rates for such investments but also on changes in the Stable Value Pool's expenses during the period.

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

### 18 INCOME ALLOCATIONS

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Net income of the Stable Value Pool comprises interest earned, plus any discount amortized to the date of maturity plus or minus all realized gains and losses on the sale of securities prior to maturity, less amortization of any premium and all accrued expenses of the Pool including the fees payable to the Investment Adviser & Administrator, and other CalFIT service providers. All net income of the Stable Value Pool 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 Stable Value Pool at month-end. The Stable Value Pool accrues net income on a daily basis and pays interest income monthly on the last business day of the month.

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 Stable Value Pool consists of (1) all accrued interest income on assets of the Stable Value Pool plus (2) accretion of discount, less (3) amortization of premium and less (4) accrued expenses.

### 19 RETAINED RESERVES

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Pursuant to the JPA Agreement, the Investment Adviser may retain from earnings and profits in the CalFIT Investment Program, including the Stable Value Pool, amounts deemed necessary to pay the debts and expenses of CalFIT, as well as to meet other obligations of CalFIT. The Investment Adviser 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 Adviser. More information about retained reserves is available in the JPA Agreement, including the detailed accounting that the Investment Adviser provides to the Board on a quarterly basis on amounts deemed necessary or desirable by the Investment Adviser for retained reserves.

### 20 CALFIT EXPENSES

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Pursuant to the JPA Agreement, Chandler, as Administrator, for the CalFIT Investment Program, including the Stable Value Pool, shall pay Pool expenses as described below in "**Expense Payments.**" The Pool Expenses shall be an Investment Property liability. On behalf of CalFIT, the Administrator shall pay the following costs and expenses: the Investment Adviser's and Administrator's fee set forth in the Administrator and Investment Adviser Services Agreement (Chandler Agreement), the Custodian's fee set forth in the Custody Agreement, marketing expenses, 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 Chandler and CalFIT, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Chandler Agreement, the fees of the counsel to CalFIT, the cost of meetings of the Board, insurance costs and the costs of Participant surveys and mailings and other expenses as approved by

the Board. Periodically, Chandler shall provide a detailed accounting of such expenses to the Trustees.

### **20.1 EXPENSE PAYMENTS**

For the performance of its obligations as Administrator in the Chandler Agreement, the Administrator will charge a fee for all Pool expenses from the Investment Property Value (the daily fee). This fee will accrue on a daily basis and be paid monthly in arrears and prorated for any portion of the month in which the Chandler 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 expense shall be determined by the Administrator monthly on the first business day of each month and shall be at an annual rate not to exceed twenty (20) basis points. The actual fee may be lower and will depend, among other factors, on the Stable Value Pool's assets under management. The Administrator is authorized to debit the applicable monthly expense payment 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 CalFIT.

### **21 REPORTS TO PARTICIPANTS**

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**Annually** – Audited financial statements of CalFIT 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.

### **22 ARBITRAGE REBATE REPORTING SERVICES**

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CalFIT offers Participants the opportunity to track proceeds invested with CalFIT for arbitrage rebate reporting purposes. CalFIT collaborates with Arbitrage Compliance Specialists, Inc. to prepare the arbitrage rebate computation. The compliance services may also include, among others, the following reports:

- A Rebate Report detailing schedules supporting the computation
- An Exception Report if a spending exception applies
- Completed IRS Form 8038-T with filing instructions

CalFIT offers arbitrage rebate reporting services to CalFIT Participants free of charge (certain restrictions may apply). A minimum account size may apply. For more information, please contact CalFIT at 1-844-915-5700.