

Wisconsin  
**CLASS**<sup>®</sup>



# Information Statement

August, 2010



## What is CLASS?

CLASS (Cooperative Liquid Assets Securities System) is a short-term, highly liquid cash management program, designed specifically for public-sector funds, that provides the opportunity to invest funds on a cooperative basis in short-term investments which are carefully selected to yield favorable returns while providing maximum liquidity and safety.

Wisconsin CLASS is organized pursuant to an Intergovernmental Agreement between various Wisconsin governmental and public entities who choose to participate (the Participants). Wisconsin CLASS has entered into formal agreements with consultants to the investment program, including Cutwater Investment Services Corp. (the Program Administrator) and Wells Fargo Bank, N.A. (the Custodian).

## Who can participate in Wisconsin CLASS?

Participation is available currently to any Wisconsin political subdivision as authorized under state and local law to participate in the Intergovernmental Agreement including counties, cities, villages, towns, school districts, technical college districts and other governing boards.

## What are the program's objectives?

Wisconsin CLASS seeks to maximize the following characteristics in all its investments: legality, safety, liquidity, convenience, and yield.

### Legal

Wisconsin CLASS invests public-sector funds only in securities which are legally permitted under Wisconsin law.

### Safety

Several security features are in place to protect against fraud or error. Only designated officials may conduct transactions for you, and funds will be wired only to previously designated accounts. All conversations are recorded for accuracy and verification. As a further safety measure, a Letter of Credit (LOC), posted with the Custodian, provides

funds for withdrawals, to the extent the sale price of any security sold is less than the amortized cost.

To further ensure safety, the terms of the portfolio investments are carefully balanced to correspond with anticipated cash flow needs and to minimize the effect of potential financial market volatility.

### Liquidity

You may conduct transactions (deposits, withdrawals or transfers) on any normal business day. All portfolio investments are carefully selected to ensure that cash is available whenever needed. There is never a penalty for withdrawals of invested funds including all accrued interest. There are no limits on the dollar amount or number of daily transactions, except that total daily withdrawals may not exceed the total balance on deposit. There is no minimum balance requirement or transaction size.

### Convenience

To make your cash management simple and efficient, Wisconsin CLASS includes many features (designed by public-sector financial experts) that make it easy to access account information and simplify record keeping. You may make account transactions on any business day, using Cutwater Investor Services Corp.'s toll-free phone number, toll-free fax number or internet connection (Client Connection).

Any transaction made with the proper notification to Cutwater Investor Services Corp. before 11:00 a.m. on a business day will be posted and, begin earning interest on that day; transactions made after 11:00 a.m. will be posted the next business day. All transactions are confirmed by same-day fax or email. You may also execute transaction notifications in advance, to anticipate important draw dates. This "pre-dating" function avoids timing problems and ensures that cash is available to meet specific payroll or other cash needs.

You may establish any number of Wisconsin CLASS accounts to track and parallel your own internal fund accounting structures. Although all investment and payment forms have been designed to be simple and user friendly, we can also customize account information to meet special needs. You may contact

Cutwater Investor Services Corp.'s client service desk at 1 (800) 395-5505 on any business day to get specific account information or for other assistance.

You will receive comprehensive monthly statements that provide a detailed account history, including daily account activity, transaction numbers, rate summaries, pledged collateral and a portfolio holding report. These statements have been designed specifically to facilitate public-sector fund accounting, and to establish a clear accounting and audit trail for your investment records.

### **Yield**

By participating in a cooperative investment program, you can take advantage of certain economies of scale relative to transaction and clearance costs as well as custody arrangements. Overall portfolio performance is enhanced by the different cash flow cycles of the various Participants, which create longer average investment maturities than you could achieve by investing alone—resulting in an increase in the aggregate portfolio yield. The portfolio strategy is to be fully invested each night to maximize yields.

Participation in Wisconsin CLASS also allows you to benefit from the professional investment advisory services provided to the Board of Representatives and Executive Committee by the Custodian and Program Administrator.

### **How is the program administered?**

**Board of Representatives:** The Participants appoint Representatives to a Board of Representatives (the Board), which in turn, elects an executive committee (the Executive Committee) responsible for all Wisconsin CLASS investment decisions. The Custodian, working with the Program Administrator is responsible for the daily investment activities of the program.

**Program Administrator:** Cutwater Investor Services Corp. serves as the Wisconsin CLASS Program Administrator, Cutwater Investor Services Corp. and its sub-adviser, Cutwater Asset Management Corp. (an SEC-registered investment adviser), provide proposed investment strategies to the Custodian,

who in turn makes investment decisions and initiates transactions on behalf of the Participants.

In addition to investment advisory services, Cutwater Investor Services Corp. provides various administrative functions including processing of securities transactions, program record keeping, portfolio valuation, and other client-related services.

**Custodian:** The Wisconsin CLASS Custodian is responsible for the receipt and safekeeping of all cooperatively invested program assets, which are held in a segregated account until maturity or sale.

**Auditors:** An annual independent audit of Wisconsin CLASS is conducted by PricewaterhouseCoopers, and copies are available to any Participant upon request. Cutwater Investor Services Corp. will also provide information regarding your account(s) to your auditors if you so desire.

### **What must you do to participate?**

In order to participate in Wisconsin CLASS, the Intergovernmental Agreement must be approved by the appropriate governing body of the political sub-division. When Cutwater Investor Services Corp. has received and processed the fully executed Participation Certificate attached to the Intergovernmental Agreement, it will notify the Custodian and start the procedures necessary for you to begin your active participation in the program.

### **How are transactions handled?**

Any transaction (deposit, withdrawal or transfer) made with the proper notification to Cutwater Investor Services Corp. before 11:00 am CST will be posted on that day; transactions made after 11:00 am will be posted the next business day. All transactions receive same-day confirmation.

### **What about program fees?**

All expenses related to operating Wisconsin CLASS are encompassed in the Program Administrator's single management fee, which is deducted from portfolio earnings prior to the recording of daily investment results. All rates are net of fees.

## Investment guidelines

Wisconsin CLASS invests cooperative funds only in securities which are legal for public funds investment in Wisconsin (as set forth in Wis. Stat. § 66.0603) and pursuant to an investment policy set by the Wisconsin CLASS Executive Committee. Wisconsin CLASS also limits investments to obligations of the United States or of federal agencies guaranteed by the United States unless otherwise noted in the Intergovernmental Agreement. Permitted investments and their terms are detailed in an attachment to the Intergovernmental Agreement.

## What are the Legal sources?

The Wisconsin law firm of Michael Best & Friedrich has advised Cutwater Investor Services Corp. that the investment of public funds pursuant to the March 1, 1996 Intergovernmental Agreement (as amended) is in compliance with Wisconsin law.

## For additional information:

If you'd like to join others who are benefiting from Wisconsin CLASS, or would like additional information, contact Cutwater Investor Services Corp.'s client service desk toll-free at 1 (800) 395-5505 or write to Cutwater Investor Services Corp. at the address indicated on this statement.

## For local assistance:

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WI-INFO  
(Effective 08-10)

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