



INFORMATION STATEMENT DATED AUGUST 28, 2009

SUMMARY

This Information Statement contains information regarding the California Asset Management Trust (the "Trust"), which has been established to provide any California Public Agency (as hereinafter defined), together with any bond trustee acting on behalf of such Public Agency, assistance with the investment of and accounting for the proceeds of debt issues and surplus funds. The Trust currently offers a professionally managed money market investment portfolio, the Cash Reserve Portfolio (the "Pool"), to provide Public Agencies with a convenient method of pooling funds for temporary investment pending their expenditure. The Pool is part of the California Asset Management Program ("Program"). A Public Agency (as defined hereinafter) can also enter into a separate agreement with PFM Asset Management LLC to manage the Public Agency's individual portfolio that is not part of the Pool. This separate arrangement allows such Public Agency to invest its funds at fixed rates or for a term that is longer than the average maturity of the Pool. The Trust also provides record keeping, custodial and arbitrage rebate calculation services for the proceeds of debt issues.

Public Agencies that invest in the Pool (each a "Shareholder", and collectively, the "Shareholders") contribute assets to the Trust, which are used to purchase units representing an equal proportionate share of beneficial interest in the assets of the Pool (the "Shares"). Interests in the Pool are currently divided into two series of Shares: "Participant Shares Series" and "Investor Shares Series" (each a "Series" and collectively, the "Series"). Public Agencies may invest in the Pool by formally joining the Trust (each a "Participant", and collectively, the "Participants") or by only purchasing Investor Shares Series which have no voting rights. Participants must become parties to the Declaration of Trust, dated as of December 15, 1989, as amended and restated as of February 28, 2005 (the "Declaration of Trust"). Public Agencies who own Participant Shares Series of the Pool are provided with voting rights on matters affecting the operation of the Trust. Public Agencies may also invest in the Pool without joining the Trust (each an "Investor", and collectively, the "Investors"). Public Agencies who own Investor Shares Series have rights similar to Participant Shares Series, except for certain voting rights provided under the Declaration of Trust and reserved for the Participant Shares Series.

Trustees. The Trust is currently governed by a Board of seven trustees (the "Trustees"), all of whom are officials or employees of Public Agencies that are Participants in the Trust. The Trustees are appointed pursuant to and are provided authority under a Declaration of Trust. The Trustees are responsible for setting overall policies and procedures for the Trust and for hiring and supervising the activities of the Investment Adviser (as defined herein), the Custodian (as defined herein), and other agents of the Trust.

California Public Agency Funds Only. The Trust was created as a joint powers authority

and as a California common law trust to invest the surplus funds and proceeds of tax-exempt borrowings of California Public Agencies. The Trust cannot accept funds for investment from other sources. "Public Agency" as defined under California Government Code Sections 6500 and 6509.7(b), includes, but is not limited to, any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission, any joint powers authority of California, or a nonprofit corporation whose membership is confined to public agencies or public officials.

Investment Objectives. The Pool seeks to attain a high level of current income consistent with the preservation of principal. The Trust's investments are limited to investments permitted by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code for investment by Public Agencies of surplus funds and the proceeds of their own debt issuances.

For debt issuance proceeds, the objective of the Trust is to invest and account for such proceeds in compliance with the arbitrage management and rebate requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

ORGANIZATION AND PURPOSE

The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust provides Shareholders with investment management services for surplus funds and comprehensive investment management, accounting, and arbitrage rebate calculation services for the proceeds of tax exempt debt issues. The Trust currently offers the Pool, a short-term investment portfolio, as a means for Public Agencies to invest their surplus funds and proceeds of tax-exempt debt issues. Public Agencies invest in the Pool by contributing assets to the Trust, which are used to purchase Shares in the Pool. The net income of the Pool is calculated daily and dividends are declared daily and paid monthly. Each month, dividends are automatically re-invested in Shares of the Pool (see "Daily Income and Dividends of the Pool"). The Trust seeks to provide Shareholders with the following benefits through the Pool:

Preservation of Principal. Investments in the Pool are made only in high quality instruments in which Public Agencies generally are permitted by California statute to invest their surplus funds and proceeds of debt issues, and in accordance with certain other investment policies of the Trust designed to preserve capital. **While the Pool seeks to maintain a stable net asset value of \$1.00 per Share, it is possible to lose money investing in the Pool. An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

Liquidity. Investments in the Pool may be made at any time, and Shareholders may withdraw funds from the Pool at any time.

Income. The Pool seeks to earn the highest income consistent with preserving principal and maintaining liquidity.

Arbitrage Rebate Compliance. For the proceeds of tax-exempt debt issues, the Pool is designed to assist Shareholders in complying with certain arbitrage rebate requirements of the Internal Revenue Code. Investments are purchased and investment documentation is maintained in

accordance with requirements of the Internal Revenue Code, and Rebate Calculation Reports are prepared upon request by the Investment Adviser in a manner and at such times as to enable Shareholders to comply with these requirements. The Pool is also designed to assist Shareholders in determining whether they have satisfied the expenditure test for any available exceptions to the arbitrage rebate requirements, and to provide calculations of penalties due in lieu of rebate payments.

Convenience. The Pool offers the option of investing by electronic funds transfer or check. Shareholders that invest the proceeds of debt issues in the Pool do not have to schedule investment maturities to meet project draw schedules. Shareholders can use the Internet to check account balances and activity, and to initiate transactions.

Professional Management. Investments in the Pool are managed by investment professionals that follow both general economic and current market conditions affecting interest rates.

Diversification. The Shares represent beneficial interests in a diversified portfolio of high quality instruments of the investment types set forth in subdivisions (a) through (o) inclusive, of Section 53601 of the California Government Code.

Accounting, Safekeeping and Separate Accounts. The Pool accounts for each Shareholder's funds in compliance with governmental accounting and auditing requirements, and does all of the bookkeeping and safekeeping associated with the ownership of securities.

INVESTMENT OBJECTIVES AND POLICIES OF THE POOL

The Pool is organized and operated in a manner and in accordance with investment objectives and policies intended to:

- Preserve principal.
- Provide liquidity so that Shareholders may have ready access to their pooled funds.
- Provide as high a level of current income as is consistent with preserving principal and maintaining liquidity.
- Place investments, document investment transactions, and account for all funds in a manner that is in accordance with the arbitrage rebate provisions of the Internal Revenue Code and applicable regulations, rulings and procedures for the proceeds of tax-exempt debt issues.

THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE POOL WILL BE ACHIEVED.

Authorized Investments. The Investment Adviser will invest available cash in the Pool exclusively in the following investments, which are authorized investments under subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. Except as otherwise provided in sub-paragraph (1) under "Investment Restrictions" below, a change in authorized investments requires approval of the Trustees and the Participants holding a majority of the outstanding Participant Shares Series of the Pool.

- (1) United States Treasury notes, bonds, bills or certificates of indebtedness or other obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest;
- (2) Federal agency 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;

(3) Repurchase agreements with respect to securities described in paragraphs (1) and (2) above; provided that the term of any such repurchase agreement shall be one year or less;

(4) Bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances) which are eligible for purchase by the Federal Reserve System; provided that such bankers acceptances may not exceed one hundred eighty (180) days maturity or forty percent (40%) of the assets of the Pool; and no more than ten percent (10%) of the Pool's assets are invested in the bankers acceptances of any one commercial bank; and further provided that the accepting bank has the highest short term letter and numerical rating as provided by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Rating Agency ("Standard & Poor's");

(5) Negotiable certificates of deposit issued by a nationally or state-chartered bank or a savings association or federal association (as defined in Section 5102 of the California Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank; provided that no more than thirty percent (30%) of the assets of the Pool may be invested in certificates of deposit; and further provided that the deposits in any one institution shall not exceed the shareholders' equity of such institution; and

(6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization ("NRSRO"); provided that its maturity may not exceed two hundred seventy (270) days. The Pool may not own more than ten percent (10%) of the outstanding commercial paper of any single corporate issuer; no more than twenty-five percent (25%) of the assets of the Pool may be invested in commercial paper; and no more than ten percent (10%) of the assets of the Pool may be invested in the commercial paper of any single corporate issuer. The entity that issues the commercial paper shall meet all of the following conditions either in (a) or (b) as follows: (a) The entity is organized and operating in the United States as a general corporation, has total assets in excess of five hundred million dollars (\$500,000,000), and has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO); or (b) The entity is organized within the United States as a special purpose corporation, trust, or limited liability company, has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Obligations of Agencies or Instrumentalities of the United States Government. Certain short-term obligations of agencies or instrumentalities of the United States Government purchased for the Pool may be backed only by the issuing agency or instrumentality and may not be backed by the full faith and credit of the United States Government. For example, Fannie Mae and Freddie Mac have agreements with the U.S. Treasury to provide them with capital in exchange for senior preferred stock. Securities issued by the Federal Home Loan Banks are supported only by the credit of the agency and not by the United States Government, and securities issued by the Federal Farm Credit System are supported by the agency's right to borrow money from the U.S. Treasury under certain circumstances.

Repurchase Agreements. A repurchase agreement involves the sale of securities to the Pool, and the concurrent agreement by the seller to repurchase the securities within a specified period of time at an agreed upon price, thereby establishing the yield during the buyer's holding period. The yield established for the repurchase agreement is determined by current short-term rates and may be more or less than the interest rate on the underlying securities. The securities underlying a repurchase agreement are, in effect, collateral under the agreement. It is the Trust's policy to enter into

repurchase agreements only with dealers in U.S. Government securities that are recognized as “primary dealers” of the Federal Reserve Bank of New York. Securities purchased by the Pool and subject to repurchase agreements are limited to the obligations of the United States Government and agencies of the United States, but may have maturities longer than one year. At the time a repurchase agreement is made, the underlying securities will have a market value at least equal to one hundred and two percent (102%) of the repurchase price. If an agreement is in effect for more than one day, the Investment Adviser is responsible for monitoring the value of the underlying securities and, in the event their value drops below one hundred and two percent (102%) of the repurchase price, the counterparty to the repurchase transaction is required to provide additional securities or money within one business day so that the value of the collateral is not less than one hundred and two percent (102%) of the repurchase price. All securities underlying repurchase agreements are required to be delivered to the Custodian or to another custodian agreed to by the Trust and the counterparty. At the expiration of each agreement, the Custodian receives payment of the repurchase price as a condition for the transfer of the underlying securities to the counterparty. If the counterparty fails to pay the agreed upon repurchase price on the repurchase date, the risks to the Pool would include any difference between the value of the underlying securities and the repurchase price, any costs of disposing of such securities, any costs related to foreclosure, and any loss resulting from a delay in foreclosing on such securities.

Funds placed by the Trust into the Pool will be invested in accordance with the prudent investor standard set forth in Section 53600.3 of the California Government Code. The Pool will not invest in any inverse floaters, range notes or mortgage derived, interest-only strips, or in any security that could result in a zero interest accrual if held to maturity.

The Trust’s investment policies and objectives require that all Pool investments have a remaining maturity of three hundred ninety-seven (397) days or less, and that the dollar-weighted average maturity of Pool investments will not exceed ninety (90) days. The repurchase date of a repurchase agreement is used to determine its maturity. Debt obligations purchased by the Pool may have interest rates that are periodically adjusted at specified intervals or whenever a reference rate or index changes. These adjustable rate securities may have demand features which give the Pool the right to demand repayment of principal on specified dates or after giving a specified notice. Adjustable rate securities and securities with demand features that meet the definition of “Adjustable Rate Government Securities” in Rule 2a-7 of the Investment Company Act of 1940 Rules and Regulations may be deemed to have maturities shorter than their stated maturity dates.

The Trust is not registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and, accordingly, is not subject to the provisions of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder including rules relating to registered money market mutual funds.

Since the yield on the Pool may fluctuate daily, Shareholders should consult with their counsel or financial adviser as to the appropriateness of investment in the Pool in the event the proceeds of their debt issues may not be invested at yields in excess of the yields on their debt issues.

The authorizing statute, charter, or bylaws of a Public Agency or the trust indenture or ordinance or resolution under which the debt obligations of a Public Agency are issued or its funds are invested, may contain investment restrictions which prohibit or otherwise limit investment in one or more of the above-described investments. Accordingly, Public Agencies should consult with their legal counsel or financial adviser regarding the legality of investing bond proceeds under the Trust

prior to participating in the Trust or investing in the Shares issued by the Trust.

Investment Restrictions. The Trustees have adopted the following investment restrictions and fundamental policies, which, except as otherwise provided in (1) below, may be changed only by approval of the Trustees and the Shareholders holding a majority of the outstanding Participant Shares Series of the Pool. The Pool will not:

- (1) Purchase any securities other than those described under “Investment Objectives and Policies,” unless California law at some future date redefines the types of securities which are legal investments for some or all classes of Shareholders, in which case the permitted investments for the Pool may be changed by the Trustees to conform to California law, provided that prior written notification is given to Shareholders of the Trust.
- (2) Invest in securities of any issuer in which a Trustee, Officer, employee, agent or adviser of the Trust is an officer, director or ten percent (10%) shareholder unless such investment is periodically authorized by resolutions adopted by a majority of the Trustees who are not officers, directors or ten percent (10%) shareholders of such issuer.
- (3) Make loans, except that the Pool may enter into repurchase agreements.
- (4) Borrow money or pledge, hypothecate or mortgage its assets to an extent greater than twenty percent (20%) of the market value of the total assets of the Pool, and then only as a temporary measure for extraordinary or emergency purposes to facilitate withdrawal requests which might otherwise require untimely dispositions of portfolio securities. All such borrowings may be secured only by the assets of the Pool and must be repaid before the Pool makes any additional investments. Interest paid on such borrowings will reduce net income of the Pool.
- (5) Purchase any security or enter into a repurchase agreement, if, as a result, more than ten percent (10%) of the Pool’s total assets would be invested in securities subject to restrictions on resale, securities for which there is no readily available market, and repurchase agreements with maturities exceeding seven (7) days.
- (6) Purchase the securities of any single issuer (other than obligations issued and guaranteed as to principal and interest by the government of the United States, its agencies or instrumentalities) if, as a result, more than ten percent (10%) of the Pool’s total assets would be invested in the securities of any one issuer. Any percentage limitation or rating requirement described under “Investment Objectives and Policies” will be applied at the time of purchase.