



MISSOURI SECURITIES INVESTMENT PROGRAM  
(the “Program”)

SUPPLEMENT DATED JANUARY 15, 2014  
TO THE INFORMATION STATEMENT DATED JANUARY 2, 2013

---

The following information modifies and should be read in conjunction with the information provided in the Program’s Information Statement dated January 2, 2013.

**Effective immediately, item (ii.) (e) in the section titled “*Investment Restrictions and Policies – Commercial Paper and Bankers’ Acceptances*” is replaced in its entirety with the following:**

- i Money Market Series: no more than 75%, of any portfolio of the Program may be invested in such securities, collectively, and no more than 5% in any one issuer.

The date of this Supplement is January 15, 2014.

**THIS IS A SUPPLEMENT TO THE INFORMATION STATEMENT DATED JANUARY 2, 2013 AS SUPPLEMENTED AUGUST 14, 2013 AND OCTOBER 24, 2013. IT PROVIDES ADDITIONAL INFORMATION ABOUT THE PROGRAM. A COMPLETE INFORMATION STATEMENT, INCLUDING ALL SUPPLEMENTS, IS AVAILABLE UPON REQUEST BY CONTACTING A PROGRAM REPRESENTATIVE AT 1-877-MY-MOSIP.**

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**



MISSOURI SECURITIES INVESTMENT PROGRAM  
(the “Program”)

SUPPLEMENT DATED OCTOBER 24, 2013  
TO THE INFORMATION STATEMENT DATED JANUARY 2, 2013

---

The following information modifies and should be read in conjunction with the information provided in the Program’s Information Statement dated January 2, 2013 as supplemented to date.

**Effective immediately, all references to the MOSIP Money Market Series should be changed to:**

MOSIP Liquid Series

**Effective immediately, the language in the section titled “THE SPONSORS” is replaced in its entirety with the following:**

**THE SPONSORS**

MSBA, MASA, MOASBO MML and MAC serve as Sponsors of the Program pursuant to Sponsorship Agreements between MOSIP and each of such Sponsors.

The Sponsors provide consulting services to the Program including the monitoring of various activities of the Program and its management. In addition, the Sponsors assist in the gathering of information pertaining to the Program and assist the Marketing Agent in developing marketing strategies and materials. Subject to the supervision of the Board of Directors, MSBA acts as the lead Sponsor in overseeing the Program to assure it is effectively operated and promoted for the benefit of eligible school districts, municipalities, and other political subdivisions.

The Sponsors are paid various fees for their services to the Program (the “Sponsorship Fees”). Specifically, the Sponsors are cumulatively paid the following fees:

- (i) a percentage of the net assets of the Money Market Series as set forth below;

<u>MONEY MARKET SERIES (AVERAGE DAILY NET ASSETS)</u>	<u>BASIS POINTS</u>
\$0-\$250,000,000	4.5
\$250,000,001-\$500,000,000	3.15
\$500,000,001	2.75

and such fees are payable monthly and computed at annual rates and allocated as set forth below;

- (ii) 11% of the fees recognized as receivable by the Program’s Investment Advisor for investment advisory services to the Term Series, payable within 45 days of the termination of the respective Term Series and allocated as set forth below.

**ALLOCATION OF SPONSORSHIP FEES FOR CITIES AND MUNICIPALITIES**

<b>Payment Allocation Amount for the Money Market Series and TERM Series</b>	<b>Payment Allocation Per Entity</b>
33.00%	MSBA
19.85%	MASA
19.85%	MOASBO
27.30%*	MML

\*Based on average balances for MML member participation in each Series, respectively.

**ALLOCATION OF SPONSORSHIP FEES FOR COUNTIES**

<b>Payment Allocation Amount for the Money Market Series and TERM Series</b>	<b>Payment Allocation Per Entity</b>
33.00%	MSBA
19.85%	MASA
19.85%	MOASBO
27.30%*	MAC

\*Based on average balances for MAC member participation in each Series, respectively.

**ALLOCATION OF SPONSORSHIP FEES FOR SCHOOL DISTRICTS**

<b>Payment Allocation Amount for the Money Market Series and TERM Series</b>	<b>Payment Allocation Per Entity</b>
45.40%	MSBA
27.30%	MASA
27.30%	MOASBO

The date of this Supplement is October 24, 2013.

**THIS IS A SUPPLEMENT TO THE INFORMATION STATEMENT DATED JANUARY 2, 2013 AS SUPPLEMENTED AUGUST 14, 2013. IT PROVIDES ADDITIONAL INFORMATION ABOUT THE FUND. A COMPLETE INFORMATION STATEMENT, INCLUDING ALL SUPPLEMENTS, IS AVAILABLE UPON REQUEST BY CONTACTING A FUND REPRESENTATIVE AT 1-877-MY-MOSIP.**

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**



MISSOURI SECURITIES INVESTMENT PROGRAM  
(the “Program”)

SUPPLEMENT DATED AUGUST 14, 2013  
TO THE INFORMATION STATEMENT DATED JANUARY 2, 2013

---

The following information supplements and should be read in conjunction with the information provided in the Program’s Information Statement dated January 2, 2013.

**Effective immediately, item (vi) in the section titled “INVESTMENT OBJECTIVES AND POLICIES – Investment Restrictions and Policies” is replaced in its entirety with the following:**

(vi) Illiquid investments are securities that cannot be sold or disposed of in the ordinary course of business at approximately the value ascribed to it by the Program. The Program may not invest more than 5% of net assets in the following illiquid investments, measured in aggregate. Illiquid investments include:

- Restricted investments (those that, for legal reasons, cannot be freely sold).
- Fixed time deposits with a maturity of more than seven days that are subject to early withdrawal penalties.
- Any repurchase agreement maturing in more than seven days and not terminable at approximately the carrying value in the Program before that time.
- Other investments that are not readily marketable at approximately the carrying value in the Program.

If the 5% limitation on investing in illiquid securities is adhered to at the time of investment, but later increases beyond 5% resulting from a change in the values of the Program’s portfolio securities or total assets, the Program shall then bring the percentage of illiquid investments back into conformity as soon as practicably possible. The Program believes that these liquidity requirements are reasonable and appropriate to assure that the securities in which the Program invests are sufficiently liquid to meet reasonably foreseeable redemptions of shares.

The date of this Supplement is August 14, 2013.

**THIS IS A SUPPLEMENT TO THE INFORMATION STATEMENT DATED JANUARY 2, 2013.  
IT PROVIDES ADDITIONAL INFORMATION ABOUT THE FUND. A COMPLETE  
INFORMATION STATEMENT, INCLUDING ALL SUPPLEMENTS, IS AVAILABLE UPON  
REQUEST BY CONTACTING A FUND REPRESENTATIVE AT  
1-877-MY-MOSIP.**

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**

# Missouri Securities Investment Program

*Information Statement*

*January 2, 2013*

*A Comprehensive Cash Management Service Established  
Exclusively for Missouri School Districts and Municipalities*



**MOSIP** is sponsored by the:  
Missouri School Boards' Association  
Missouri Association of School Administrators  
Missouri Association of School Business Officials  
Missouri Association of Counties

This Information Statement provides information about the investment objectives, organization, structure and operations of the Missouri Securities Investment Program (the "Program") and its investment opportunities. Prospective investors should read this Information Statement carefully before investing and retain it for future reference. In addition, prospective investors should read the Program's Intergovernmental Cooperation Agreement, as amended. This Information Statement is qualified in its entirety by the definitive provisions of the Program's Intergovernmental Cooperation Agreement, and if there is any conflict between this Information Statement and the Program's Intergovernmental Cooperation Agreement, the provisions of the Intergovernmental Cooperation Agreement shall govern.

No person or entity has been authorized to give any information or to make any representations other than those contained in this Information Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Program, its Board of Directors, officers, agents, or any representative of the Program.

**The Program seeks to attain a competitive rate of income consistent with the preservation of capital and maintenance of liquidity. Investors should consider the investment objectives, risks, charges and expenses before investing in any of the Program's portfolios. While the Money Market Series seeks to maintain a stable net asset value of \$1.00 per share and the Term Series seeks to achieve a net asset value of \$1.00 per share at the stated maturity, it is possible to lose money investing in the Program. An investment in the Program is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>ii</b>
<b>MISSION STATEMENT</b> .....	<b>1</b>
<b>BACKGROUND</b> .....	<b>1</b>
<b>ELIGIBLE PARTICIPANTS</b> .....	<b>2</b>
<b>INVESTMENT OBJECTIVES AND POLICIES</b> .....	<b>2</b>
SERIES .....	2
PERMITTED INVESTMENTS .....	2
INVESTMENT RESTRICTIONS AND POLICIES .....	3
<b>SERIES OF THE PROGRAM</b> .....	<b>6</b>
OVERVIEW .....	6
THE MONEY MARKET SERIES .....	6
MOSIP TERM COMMERCIAL PAPER / BANKERS' ACCEPTANCE SERIES .....	6
<b>ADDITIONAL PROGRAMS</b> .....	<b>7</b>
INDIVIDUAL PORTFOLIO (IP) .....	7
BOND ACCOUNT MANAGEMENT (BAM) .....	7
FIXED INCOME INVESTMENT PROGRAM .....	8
<b>ACCOUNT PROCEDURES</b> .....	<b>8</b>
<b>DIRECTORS</b> .....	<b>15</b>
NUMBER .....	15
TERM .....	15
ELIGIBILITY .....	15
ELECTIONS .....	16
VACANCIES .....	16
OFFICERS .....	16
COMPENSATION .....	16
DUTIES .....	16
<b>THE SPONSORS</b> .....	<b>16</b>
<b>THE INVESTMENT ADVISER</b> .....	<b>18</b>
DUTIES .....	18
INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT .....	18
<b>THE ADMINISTRATOR</b> .....	<b>18</b>
DUTIES .....	18
ADMINISTRATION AND MARKETING AGREEMENT .....	18
<b>THE MARKETING AGENT</b> .....	<b>19</b>
DUTIES .....	19
<b>THE CUSTODIAN</b> .....	<b>19</b>
DUTIES .....	19
TRADING WITH THE CUSTODIAN .....	19
CUSTODIAN AGREEMENT .....	19
<b>LEGAL COUNSEL</b> .....	<b>19</b>



<b>INDEPENDENT ACCOUNTANTS .....</b>	<b>19</b>
<b>EXPENSES OF THE VARIOUS SERIES .....</b>	<b>20</b>
MONEY MARKET SERIES.....	20
MOSIP TERM COMMERCIAL PAPER / BANKERS' ACCEPTANCE SERIES.....	20
<b>DAILY INCOME ALLOCATIONS .....</b>	<b>20</b>
MONEY MARKET SERIES.....	20
MOSIP TERM COMMERCIAL PAPER / BANKERS' ACCEPTANCE SERIES.....	21
<b>COMPUTATION OF YIELD .....</b>	<b>22</b>
MOSIP MONEY MARKET SERIES.....	22
MOSIP TERM COMMERCIAL PAPER / BANKERS' ACCEPTANCE SERIES.....	22
<b>DETERMINATION OF NET ASSET VALUE .....</b>	<b>22</b>
MONEY MARKET SERIES.....	22
MOSIP TERM COMMERCIAL PAPER / BANKERS' ACCEPTANCE SERIES.....	23
<b>REPORTS TO PARTICIPANTS.....</b>	<b>24</b>
INQUIRIES.....	24
<b>INTERGOVERNMENTAL COOPERATION AGREEMENT.....</b>	<b>24</b>
RECORDING.....	24
DESCRIPTION OF SHARES.....	24
VOTING.....	24
PARTICIPANT LIABILITY.....	24
RESPONSIBILITY OF DIRECTORS, OFFICERS AND EMPLOYEES.....	25
INDEMNIFICATION.....	25
TERMINATION OF THE INTERGOVERNMENTAL AGREEMENT.....	25
AMENDMENT OF INTERGOVERNMENTAL AGREEMENT.....	26
<b>CERTAIN RISKS OF INVESTMENT IN THE PROGRAM.....</b>	<b>26</b>
INCOME, MARKET AND CREDIT RISK.....	26
REPURCHASE AGREEMENTS.....	26
OBLIGATIONS OF UNITED STATES GOVERNMENTAL AGENCIES AND INSTRUMENTALITIES.....	27
BANKERS' ACCEPTANCES.....	27
COMMERCIAL PAPER.....	27
MOSIP TERM CP/BA AND PARTICIPANT DIVERSIFICATION MONITORING.....	28
FDIC INSURED CERTIFICATES OF DEPOSIT.....	28

## **MISSION STATEMENT**

*It is the mission of the Program to provide public entities the highest quality cash management programs, services and education.*

## **BACKGROUND**

The Missouri Securities Investment Program ("MOSIP" or the "Program") is an instrumentality of Missouri public school districts, municipalities and other political subdivisions established under the authority of Article VI, Section 16 of the Constitution of Missouri and Sections 70.210 to 70.320, Revised Statutes of Missouri, as amended ("RSMo"). These statutory provisions implement the constitutional authority for political subdivisions to contract and cooperate with each other and with private parties for the "planning, development, construction, acquisition or operation of any public improvement or facility, or for a common service; provided, that the subject and purposes of any such contract or cooperative action made and entered into by such municipality or political subdivision shall be within the scope of the powers of such municipality or political subdivision". Section 70.220, RSMo.

MOSIP is a cooperative investment service established by an Amended and Restated Intergovernmental Cooperation Agreement dated as of April 22, 1997, as amended (the "Intergovernmental Agreement"), to provide for the investment of surplus funds of school districts, municipalities and other eligible political subdivisions. Public school districts are authorized under Section 165.051 RSMo to invest their surplus funds in certain financial instruments. The cooperative investment service provided by MOSIP is "within the scope of the powers of such municipality or political subdivision" within the meaning of Section 70.220. Section 70.310 provides that money received under the contract or cooperative action may be deposited into a common "fund or funds and disbursed in accordance with the provisions of such contract or cooperative action."

Management of the affairs of the Program is the responsibility of the Board of Directors elected by those signatories to the Intergovernmental Agreement which invest through the Program (the "Participants"). The Board of Directors is comprised of representatives of various Participants of the Fund, as well as representatives of the Missouri School Boards' Association ("MSBA"), Missouri Association of School Administrators ("MASA"), Missouri Association of School Board Officials ("MOASBO") and Missouri Association of Counties ("MAC") (collectively the "Sponsors").

The Board of Directors has engaged PFM Asset Management LLC ("PFMAM") as administrator (the "Administrator"), and as investment adviser (the "Investment Adviser") and PFM Fund Distributors, Inc. ("PFMFD" or the "Marketing Agent") as the Marketing Agent for the Program. U.S. Bank National Association is the custodian bank for the Program (the "Custodian").

The office of record of the Program is c/o Missouri School Boards' Association, 2100 I-70 Drive S.W., Columbia, Missouri 65203. The office of record may be changed from time to time by resolution of the Board of Directors of the Program, and notice of such change of the office of record shall be given to each Participant.

To receive additional information about the Program, please contact the Program's Marketing Agent, PFM Fund Distributors, Inc., 77 West Port Plaza Drive, Suite 220, St. Louis, MO 63146 or call 1-800-891-7910.

FOR INFORMATION REGARDING THE RISKS OF INVESTING IN THE PROGRAM, SEE "CERTAIN RISKS OF INVESTMENT IN THE PROGRAM" ON PAGE 26 OF THIS INFORMATION STATEMENT.

## **ELIGIBLE PARTICIPANTS**

In accordance with the Intergovernmental Agreement establishing the Program and applicable law, eligible participants in the Program include any school district, municipality or other political subdivision authorized by law to invest funds in the investments available and permitted for the investment of Program Property under the Intergovernmental Agreement.

## **INVESTMENT OBJECTIVES AND POLICIES**

The Program's investment objective is to provide a means for Participants to achieve a competitive of return while preserving capital and maintaining liquidity. There can be no assurance that this investment objective will be achieved. The Program seeks to achieve its investment objective through professionally managed investment programs governed by the investment policies and restrictions described below.

### ***Series.***

The Program offers several different investment portfolios (the "Series"), each of which is designed to meet specific liquidity and cash management needs of Participants.

*Money Market Series* is a money market-like fund that seeks to maintain a net asset value of \$1.00 per share. Yield is computed daily and may change daily. Dividends are paid monthly.

*MOSIP Term Commercial Paper and Bankers' Acceptances Series* ("MOSIP Term CP/BA") Series<sup>1</sup> provides a fixed rate, fixed-term investment with a minimum term of 60 days and a maximum term of 180 days. MOSIP Term CP/BA offers a fixed rate and seeks to preserve capital, provide liquidity at scheduled participant redemption dates and provide a competitive rate of return by investing in Permitted Investments. A projected dividend rate is determined when the shares are purchased and the dividend is declared and paid on the redemption date. MOSIP Term CP/BA seeks to return all invested principal at a Planned Early Redemption (as defined hereafter) or upon termination of a MOSIP Term CP/BA Series. Withdrawal from MOSIP Term CP/BA at any time other than on a Planned Early Redemption date or the termination date of the series may result in a substantial early redemption penalty, which may reduce or eliminate income and may reduce principal.

In order to establish any Series of the Program, the Board of Directors, at the request of the Administrator, authorizes and adopts a Certificate of Designation. The Certificate of Designation establishes and sets forth the terms of the Series, including: (a) the date of establishment of the Series; (b) the term of the Series; (c) the identity of Participants permitted to participate; (d) the nature of the Series' investments; (e) the Directors assigned to the Series; (f) the maximum average weighted maturity of the Series (if applicable); (g) the method of determining the net asset value of the Series; and (h) other terms applicable to the Series.

### ***Permitted Investments.***

The Program is specifically designed for Missouri school districts, municipalities and other political subdivisions. Accordingly, the Program's investments will be limited to instruments in which school districts, municipalities and other political subdivisions are permitted to invest under applicable Missouri law. These investments (the "Permitted Investments") include the following:

- (i) Obligations of the United States of America for which the full faith and credit of the United States of America are pledged for the payment of principal and interest.

---

<sup>1</sup> Up to 100% of the assets within the MOSIP Term CP/BA Series may be invested in commercial paper and/or bankers' acceptance securities. It is the Participant's sole responsibility to assure that investments placed in any commercial paper and bankers' acceptances outside of the MOSIP Term CP/BA Series when combined with investments in MOSIP does not cause the total overall amount of investments by the Participant to exceed the investment policy diversification limits adopted by the participant as required by Missouri law.

- (ii) Obligations of any agency or instrumentality of the United States of America backed by the full faith and credit of the United States of America or guaranteed by any agency or wholly owned corporation of the United States Government as set forth below:
  - (a) Coupon and Zero Coupon Securities—Bullet coupon bonds with no embedded options.
  - (b) Discount Notes purchased at a discount with maximum maturities of 397 days.
  - (c) Callable Securities—Restricted to securities callable at par only with final maturities no greater than five (5) years.
  - (d) Step-Up Securities—The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed term. Restricted to securities with final maturities no greater than five (5) years.
  - (e) Floating Rate Securities—The coupon rate resets based on a single index, with no interim caps, that reset at least quarterly.
  - (f) Mortgage Backed Securities—Restricted to securities whose underlying mortgages have final maturities no greater than five (5) years.
- (iii) Repurchase agreements maturing within 90 days (“repos”) collateralized by legal investments described in the preceding paragraphs (ii)-(iii): provided that the maturity limit of securities described in paragraph (iii) shall not apply to securities that are collateral for such agreements.
- (iv) certificates of deposit insured by the FDIC or certificates of deposit issued by banking and savings institutions which are collateralized in accordance with Chapter 30, Section 30.270 of the Missouri Revised Statutes.
- (v) Bankers’ acceptances issued by a domestic commercial bank possessing the highest short term rating issued by Moody’s Investor Services, Inc. (“Moody’s”), Standard & Poor’s Rating Services (“S&P”) or another nationally recognized statistical rating organization. Permitted investments are restricted to bankers’ acceptances maturing within not more than one hundred eighty (180) days from the date of purchase.
- (vi) Commercial paper issued by a domestic corporation which has received the highest short term rating issued by Moody’s, S&P or another nationally recognized statistical rating organization. Permitted investments are restricted to commercial paper maturing within not more than one hundred eighty (180) days from the date of purchase. Eligible issuers must have total commercial paper outstanding in excess of \$250,000,000 as of the time of purchase.
- (vii) Any other type of investment permitted from time to time by applicable law and approved by the Program’s Board of Directors.

***Investment Restrictions and Policies.***

At the inception, the Board of Directors of the Program implemented an investment policy (the “Investment Policy”) generally consistent with the model investment policy developed by the State Treasurer of the State of Missouri as required by Missouri law. In order to secure the safety of Program investments, the Board of Directors has implemented several additional investment restrictions, more stringent than those imposed by Missouri law and the model policy. The funds held by the Program, at all times, will consist solely of Permitted Investments that also meet the investment restrictions and policies adopted by the Board of Directors (the "Investment Restrictions").

Accordingly, the Program may only buy and sell, and enter into agreements to buy and sell, Permitted Investments subject to the following further investment restrictions and policies.

The Program:

- (i) may not make any investments except as authorized by the laws of the State of Missouri or any other provisions of law applicable to the investment of funds by the Participants, as the same may be amended from time to time;
- (ii) is prohibited from borrowing money for investment purposes;
- (iii) may not purchase instruments known as Structured Notes (*e.g.*, inverse floaters, leveraged floaters and equity linked securities or instruments commonly considered as “derivative” instruments (*e.g.*, options, futures, swaps, caps, floors and collars));
- (iv) may not purchase bankers’ acceptances and commercial paper maturing more than 180 days from the day of purchase;
- (v) may not purchase any Permitted Investment if the effect of such purchase by the Program would be to make the dollar weighted average maturity (the “WAM”) of a particular Series greater than the WAM limit as established by the Board of Directors upon the advice and recommendation of the Investment Adviser for that particular Series; provided, however, that in making such determination (a) any Permitted Investment which is subject to a repurchase agreement shall be deemed to mature on the date established by such repurchase agreement, (b) any Permitted Investment which is an adjustable rate security or is a security with a demand feature may be deemed to have a maturity shorter than its stated maturity date, and (c) any limit on the maturity of an investment shall be determined as of its purchase date.
- (vi) may not purchase any security if, as a result, more than 5% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

For purposes of the Program’s illiquid securities limitation discussed above, if through a change in values, net assets, or other circumstances, the Program were to be in a position where more than 5% of its net assets were invested in illiquid securities, it would consider appropriate steps to protect liquidity.”

In accordance with the investment policies of the Program, the Money Market Series will:

- (i) maintain a dollar weighted average maturity of the Money Market Series appropriate to the objective of maintaining a stable net asset value per share of beneficial interest of \$1.00 and which will not exceed the WAM limit as established by the Board of Directors upon the advice and recommendation of the Investment Adviser for the Money Market Series; provided, however, that should successive withdrawals by Participants in the Money Market Series result in a dollar weighted average maturity for the Money Market Series of more than the WAM limit established for that particular Series, the Program will invest available cash in such a manner as to reduce such average maturity to the WAM limit established for the Money Market Series, as soon as reasonably practicable;
- (ii) diversify investments to minimize the risk of loss resulting from over concentration of assets in

specific maturity, specific issuer, or specific type of securities. Diversification strategies shall be established and periodically reviewed. The minimum diversification standards by security type and issuer shall, at the time of purchase, be:

- (a) Obligations of the United States of America and securities having principal and/or interest guaranteed by the United States of America—100%;
  - (b) Collateralized time and demand deposits—100%;
  - (d) Collateralized repurchase agreements—50% - All collateral will be delivered to and held by the Custodian or other custodians approved by the Directors (i.e. Tri-Party);
  - (e) Commercial Paper and Bankers' Acceptances—
    - i. Money Market Series: no more than 50%, of any portfolio of the Program may be invested in such securities, collectively, and no more than 5% in any one issuer.
    - ii. MOSIP Term CP/BA Series<sup>2</sup>: up to 100% of any and each portfolio may be invested in such securities, collectively.
- (iii) utilize the amortized cost method for valuing the Money Market Series of the Program. As detailed in the section entitled Determination of Net Asset Value, the amortized cost method of valuation requires valuing an investment instrument at its cost at the time of purchase and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. This method may result in periods during which the value of a particular investment, as determined by amortized cost, is higher or lower than the price that would be received if that investment were sold. The Board of Directors has adopted certain procedures with respect to the Program's use of the amortized cost method. These procedures include requiring the Administrator to perform a weekly valuation of Program assets using the market value method. The Directors periodically review the valuation of the investments using the amortized cost method as compared to the valuation of such investments using the market value method. This review is conducted in such manner as the Directors deem appropriate and at such intervals as are reasonable in light of current market conditions. In the event that there is a difference between the two methods of valuation of more than \$.005 per share, as determined by the Administrator's evaluation, the Directors will determine what steps, if any, should be taken to minimize any material dilution or other unfair result which might arise from differences between the two methods of valuation. The Board of Directors has also adopted the following "early warning" procedures to monitor deviations between the valuation obtained using the market value method and the valuation obtained using amortized cost.

For the portfolio of the Money Market Series, if the deviation between the market value method and the amortized cost method exceeds .25% (+or-) the following action will be taken by the Investment Adviser:

1. The Chairman of the Board of the Directors will be notified of the deviation and the Investment Adviser will determine the market value of the portfolio on a daily basis.

---

<sup>2</sup> Up to 100% of the assets within the MOSIP Term CP/BA Series may be invested in commercial paper and/or bankers' acceptance securities. It is the Participant's sole responsibility to assure that investments placed in any commercial paper and bankers' acceptances outside of the MOSIP Term CP/BA Series when combined with investments in MOSIP does not cause the total overall amount of investments by the Participant to exceed the investment policy diversification limits adopted by the participant as required by Missouri law.

2. If the deviation reaches .4% (+or-) in addition to notifying the Chairman, all new investments will be placed in overnight repurchase agreements to provide the Series with liquidity to meet withdrawals.
3. If the deviation reaches .5% (+or-) the Board of Directors will be notified of the deviation and will determine, with the advice of the Investment Adviser, what action, if any, will be taken.

The Investment Policy and these additional restrictions and policies are considered to be fundamental to the operation and activities of the Program and may not be changed without the affirmative vote of a majority of the Directors.

## **SERIES OF THE PROGRAM**

### ***Overview.***

The Intergovernmental Agreement provides for the creation of multiple specialized investment series within the Program and sets forth the manner in which any Series may be created and managed. At present, the Program consists of the Money Market Series and the MOSIP Term CP/BA Series.

Each Series is invested in a portfolio of Permitted Investments. The Directors determine when and what types of Series are made available to Participants. Information is provided to Participants from time to time regarding how they can elect to participate in the various Series.

One or more Directors can be assigned to each Series and have particular responsibility for the operations of that Series. The Directors assigned to each Series are designated pursuant to the Intergovernmental Agreement and the applicable Certificate of Designation as being the official custodians of the monies placed in such Series by Participants choosing to participate in the Series. At present all incumbent Directors are assigned to each Series.

### ***The Money Market Series.***

The Money Market Series invests in Permitted Investments in such a manner as to achieve an average dollar weighted maturity for the Series of no greater than 60 days and a dollar-weighted average life (portfolio maturity computed to final maturity without regard to interest rate adjustments on investments) of 120 days or less. The Money Market Series seeks to maintain a constant net asset value per share of \$1.00 and has no minimum balance, investment or redemption amount limitations. Funds may be invested in, or redeemed from, the Money Market Series through electronic funds transfer from or to a Participant's local bank, by check or by mail. See "Account Procedures" herein.

### ***MOSIP Term CP/BA.***

Each Series of MOSIP Term CP/BA is a portfolio of Permitted Investments and will have a Series-specific termination date. It is anticipated that multiple MOSIP Term CP/BA Series will be created with staggered maturity dates. Each MOSIP Term CP/BA Series will be created by the adoption of a Certificate of Designation by the Program's Board of Directors pursuant to the Intergovernmental Agreement.

The investment strategy of MOSIP Term CP/BA is to match as closely as possible the cash flows required to meet Participants' planned redemptions, including the projected dividend, with the cash flows from the portfolio. Consistent with this strategy, trading of securities held by the portfolio may be practiced with the objective of enhancing the overall yield of the portfolio.

A Participant only receives dividends from the investment of the MOSIP Term CP/BA Series in which it has invested. At the termination date of any MOSIP Term CP/BA Series, any excess net income of the

Series may be distributed in the form of a supplemental dividend only to shares of the Series that are outstanding on the termination date of the Series, and the excess net income will be allocated on a pro rata basis to all shares of such Series then outstanding.

The investment portfolio of each MOSIP Term CP/BA Series is accounted for independent of the investment portfolio of any other Series of the Program. In the event a MOSIP Term CP/BA Series portfolio were to realize a loss (whether of principal or interest), no contribution would be made to such MOSIP Term CP/BA Series from any other Series to offset such loss. No Series or the investments in such series constitutes security or collateral for any other Series.

### **ADDITIONAL PROGRAMS**

From time to time the Investment Adviser and Administrator may, at the request or with the approval of the Board of Directors, make other services or programs available to Participants of the Program. Participants are advised that these additional services and programs are separate from the investment programs encompassed by the Program, and the Board of Directors of the Program takes no responsibility for such services or programs. The parties offering such programs are solely responsible for them, and questions regarding any such service or program should be directed to the party offering it. The interests held under any Additional Program may be in the name of the respective Participants and may not be part of the assets of any Series.

Individual portfolios (“Individual Portfolios”) are designed to offer Participants a comprehensive solution to their investment needs and enable them to invest in fixed rate and longer-term investments in a manner that is coordinated by the Investment Adviser with their investment in the Program. Individual Portfolios may be appropriate for certain operating funds and reserves or for bond proceeds. The portfolios are created pursuant to a separate agreement between a Participant and the Program’s Investment Adviser. The Custodian will hold assets in an Individual Portfolio in a separate account in the Participant’s name for each participant.

#### ***Individual Portfolio (IP).***

In the IP Program, the Investment Adviser works with each Participant to create a comprehensive investment strategy and individual portfolio of fixed income investments for that Participant. Each IP account is created by the Investment Adviser following a review of budget and cash flow projections and schedules. IP accounts can be managed on either a discretionary or non-discretionary basis. Participants participating in the IP Program may receive a cash flow review, investment policy review and assistance in determining acceptable benchmarks, in addition to other cash management services (during the term of the investment advisory agreement). IP is designed to apply to all or a substantial portion of a Participant's budget on an annual basis.

#### ***Bond Account Management (BAM).***

In the BAM program, the Investment Adviser works closely with the Participant to create a comprehensive investment strategy and portfolio for bond proceeds of the Participant while focusing on disbursement needs for the bond financed project. In addition, the Investment Adviser offers arbitrage rebate services, investment policy review and development, cash flow modeling, and cash management services.

The fees for the IP and BAM Programs are negotiated directly by the Investment Adviser with the Participant and determined after a review of various factors. The Investment Adviser has agreed with the Program that fees for these accounts shall not exceed 25 basis points (0.25%) of the daily net assets under management in each respective account. Assets are held in the Participant’s name at U.S. Bank National Association (the Custodian Bank) and the custodial fees are paid by PFMAM.



### ***Fixed Income Investment Program.***

The Fixed Income Investment Program allows Participants to individually invest in securities issued by the United States Government or agencies or instrumentalities thereof, repurchase agreements, bankers' acceptances, commercial paper and other fixed income investments permitted by Missouri law. The Investment Adviser will offer investment advice on a non-discretionary basis and assist Participants in the purchase of these investments for an advisory fee, based upon factors such as the amount and complexity of the transaction.

One form of the investments available to Participants through the Fixed Income Investment Program is certificates of deposit ("CDs"). Participants select from among CDs of varying maturities issued by a variety of financial institutions. In order to simplify recordkeeping requirements for Participants in the Fixed Income Investment Program, all CD principal and interest is credited when received by the Custodian for the Money Market Series to a Participant's Money Market Series account at maturity.

Generally, CDs available through the Fixed Income Investment Program are issued by institutions whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") within limits prescribed by law. FDIC insurance is backed by the full faith and credit of the United States government. For each depositor that otherwise qualifies, interest and principal are fully insured, up to the applicable FDIC insurance limit and other limitations in effect at the time of purchase. In order to maintain FDIC insurance coverage of both principal and interest on CDs purchased through the Fixed Income Investment Program, CDs may only be purchased in denominations that are less than the applicable FDIC insurance limit so that the total value of the CD and all interest thereon will not exceed the limit of insurance offered by the FDIC. Since the Fixed Income Investment Program cannot actively monitor investments of any type made outside of the program, a Participant's total deposits with a financial institution may exceed FDIC coverage limits, leaving a Participant exposed to potential losses should the financial institution be unable to honor its commitments to depositors. For purposes of providing advice on CDs, the Investment Adviser will assume, unless the Participant informs the Investment Adviser to the contrary, that the Participant is entitled to the full amount of the applicable FDIC insurance limit on all CDs purchased through the Program.

Additional information regarding FDIC coverage limits and requirements can be found on the FDIC website: [www.myFDICinsurance.gov](http://www.myFDICinsurance.gov).

The Investment Adviser has agreed with the Program that fees for Fixed Income Investments shall not exceed 25 basis points (0.25%) of the daily net assets under management in the Fixed Income Investment Program.

### **ACCOUNT PROCEDURES**

To open an account in the Program, submit an account registration form to the following address and call a Program Representative at 1-877-MY-MOSIP (1-877-696-6747):

MOSIP  
c/o PFM Asset Management LLC  
P.O. Box 11760  
Harrisburg, PA 17108-1760  
Fax: 1-888-535-0120

Account registration forms are available from the Administrator or online on the Electronic Online Network (EON) at [www.mosip.org](http://www.mosip.org). Upon approval of the new account application, an account number will be provided within twenty-four hours.

Shares of the Program may be purchased on any Business Day. A Business Day is any day that (1) both the Federal Reserve Bank of New York and the Program's Custodian are open for business and (2) the primary trading markets for the Program's portfolio instruments are open and the Program believes there is an adequate market to meet purchase and redemption requests. Additionally, the Program is authorized not to open for trading on a day that is otherwise a Business Day if the Securities Industry and Financial Markets Association ("SIFMA") recommends that the primary trading markets close. The Program may also close early on a Business Day if the SIFMA recommends that primary trading markets close early.

In light of anticipated limited availability for money market securities and fixed income settlement capacity limitations, the Program will not be open for business on Good Friday even if the primary trading markets are open. Specifically, no Federal Reserve wire settlement will occur, purchases and redemptions will not be accepted and no settlement will occur for the Program.

### **HOW TO PURCHASE/INVEST: *Money Market Series***

Participants may invest in the Money Market Series by Internet, by telephone or by mail. Once an account has been opened, shares may be purchased by same day wire, next day transfer, direct deposit, sweep or check as follows:

**Purchase by Federal Funds Wire.** Same-day investments in the Money Market Series may be made by notifying the Administrator as described herein and wiring federal funds to U.S. Bank National Association (the Program's custodian bank). A Federal Reserve wire is preferred since it permits the investment of funds immediately upon receipt.

Participants making investments by wire must follow *both* of the following steps:

Step 1. Instruct your bank to wire funds (Federal Reserve wire, if possible) to:

U.S. Bank, N.A.  
St. Louis, MO  
ABA #081000210  
Credit MOSIP, (Contact the Administrator at 1-877-696-6747 to obtain MOSIP account number)  
Further credit: (Entity name) and  
Fund Account #

Step 2. Notify the Administrator by Noon Central Time for same-day credit on EON at [www.mosip.org](http://www.mosip.org) or call the Administrator at 1-877-MY-MOSIP (1-877-696-6747) and provide the following information:

Name of Participant's Account	Name of bank sending wire
Participant's Account Number	Amount being wired

**Important:** Participants must provide notice of transactions before Noon Central Time on a Business Day, if the investment is to begin earning income that day.

**Note:** The Program does not charge a fee for receipt of these wires. However, a Participant's bank may charge for wiring funds. Please consider using ACH transactions for Next Day Transfer, described below, to avoid most banks' wire charges. If the Program does not receive a wire on the date it was to be transmitted, the Program will pass any overdraft fee that is imposed by the Custodian onto the Participant. Wires received are not available for immediate (or same day) wire withdrawal.

**Purchase by Automated Clearing House (ACH).**

Participant Initiated ACH Purchases. Shares may be purchased by requesting that the Administrator initiate an ACH transfer from a Participant's local bank account. All ACH requests must be reported to the Program by 1:00 p.m. Central Time in order to begin earning interest in a Participant's account the following Business Day. Requests received after 1:00 p.m. Central Time will be initiated the next Business Day and a Participant's account will begin to earn interest two Business Days after the notice. Participants can contact the Administrator by calling **1-877-MY-MOSIP (1-877-696-6747)** or by entering the request on EON. ACH's will only be initiated if the instructions for authorizing ACH transfers from the specified local bank account have been submitted, in writing, to the Program's Administrator prior to the request.

Third-Party Initiated ACH Purchases. Shares may be purchased by Participants arranging to allow third parties to directly deposit funds to their Participant account by ACH. Participants who want to permit such a purchase must submit certain information regarding the third party, in writing, to the Program's Administrator prior to the third party initiating the ACH. Third party initiated ACH purchases, reported by the Custodian to the Administrator by Noon Central Time, will begin earning interest that same day. Third-party initiated ACH purchases reported by the Custodian to the Administrator after Noon Central Time will begin earning interest the next Business Day. Banks that originate ACH transactions cause the ACH to be initiated at least one Business Day prior to its being reported by the Custodian to the Administrator. To arrange for third-party ACH purchases Participants can contact the Administrator by calling **1-877-MY-MOSIP (1-877-696-6747)** or by entering the required third-party information on EON.

**Purchase by Sweep.** The Money Market Series offers a sweep service by which the Administrator contacts the Participant's local bank, to obtain the available balance and originates an Automated Clearing House (ACH) transaction against the local bank to sweep the balance into the Money Market Series. The Participant does not pay additional service charges or fees within MOSIP, however charges from the Participant's local bank may apply. Funds transferred via ACH overnight begin earning interest the next Business Day. Please contact the Administrator at **1-877-MY-MOSIP (1-877-696-6747)** for appropriate forms and further details.

**Internal Transfer of Funds.** The Participant may move funds from one Money Market Series account to another account. Requests for transfer which are received by telephone or via EON prior to 3:00 p.m. Central Time provide same day credit of funds. Transfers requested after 3:00 p.m. Central Time will be credited the next Business Day.

**Purchase by Check.** Shares may also be purchased by check. Shares will be issued when the check is credited to a Participant's Money Market Series account in the form of Federal Funds. Normally this occurs on the Business Day following receipt of a check by the Custodian. Checks to purchase shares should be endorsed as follows:

For deposit only  
MOSIP (Contact the Administrator at 1-877-696-6747 to obtain MOSIP  
account number)  
Further credit: (Entity name & Account number)

If a Participant has deposit tickets reflecting its Participant entity name and all or part of its Money Market Series account number, or generic Program deposit tickets sent to the Participant by the Program, the Participant may either bring the deposit to a US Bank branch or mail the deposit to:

U.S. Bank, N.A.  
Bank by Mail  
P.O. Box 422  
St. Louis, MO 63166

**Notify the Administrator.** A Participant should notify the Program by calling the Administrator at **1-877-MY-MOSIP (1-877-696-6747)** to report a check purchase for proper credit. **The Program reserves the right to reject any deposit and to limit the size of a Participant's account.**

### **HOW TO REDEEM/WITHDRAW: *Money Market Series***

A Participant may redeem all or a portion of its shares of the Money Market Series on any Business Day without any charge by the Program. Shares are redeemed at their net asset value per share next computed after the receipt of a redemption request in proper form. Requests to redeem shares may be made as described below.

**Redemption by Federal Funds Wire.** Participants may initiate an online transaction through EON at [www.mosip.org](http://www.mosip.org) or call the Administrator on any Business Day at **1-877-MY-MOSIP (1-877-696-6747)**, to request a redemption/withdrawal.

If the call or Internet transaction is received before Noon Central Time, the Administrator will wire the amount that same day to the bank account specified on the Participant's Account Registration Form. Requests received after Noon Central Time will be processed on the following Business Day. The Program does not charge for a same day wire, however a Participant's depository may charge a fee for incoming wires. Changes to withdrawal instructions must be received in writing by the Administrator in proper form.

### **Redemption by Automated Clearing House (ACH).**

*Shareholder Initiated ACH Redemptions.* Shares may be redeemed by requesting that the Administrator initiate an ACH transfer to a Participant's specified bank or vendor account. All ACH requests must be made to the Administrator by 1:00 p.m. Central Time to be available in the Participant's specified bank or vendor account the following Business Day. Requests received after 1:00 p.m. Central Time will be initiated the next Business Day and will be available in the specified bank or vendor account two Business Days after the notice. A Participant can contact the Administrator by calling **1-877-MY-MOSIP (1-877-696-6747)** or by entering the request on EON. ACH's will only be initiated if the instructions authorizing ACH transfers to the specified local bank or vendor account have been submitted in writing to the Administrator prior to the request.

*Third-Party Initiated ACH Redemptions.* Shares may be redeemed by Participants arranging to allow third parties to directly withdraw from their Participant account by ACH. Participants who want to permit such a redemption must submit certain information regarding the third party, in writing, to the Program's Administrator prior to the third party initiating the ACH. Third party initiated ACH redemptions, reported by the Custodian to the Administrator by Noon Central Time, will effectuate a redemption of shares and transfer from the Participant's account that same day once available funds are confirmed. Third-party initiated ACH redemptions reported by the Custodian to the Administrator after Noon Central Time will effectuate a redemption of shares and transfer from the Participant's account the next Business Day. Banks that originate ACH transactions cause the ACH to be initiated at least one Business Day prior to its being reported by the Custodian to the Administrator. To arrange for third-party ACH redemptions Participants can contact the Administrator by calling **1-877-MY-MOSIP (1-877-696-6747)** or by entering the required third-party information on EON.

**Check Redemption Privilege.** A Participant may make arrangements to redeem shares by check by filling out a checkwriting authorization form and signing the Custodian bank's certificate of authority form. Checks may be written in any dollar amount not exceeding the balance of the account and may be made payable to any person. Checks will be honored only if they are properly signed by a person authorized on the certificate of authority. Shares will be redeemed to pay the check at the net asset value

next determined after the check is presented to the Program for payment. Redemption checks will not be honored if there is an insufficient share balance to pay the check or if the check requires the redemption of shares recently purchased by a check, which has not cleared. Although the Program provides checkwriting privileges, all service related fees are passed on to the Participant. Checkwriting privileges may be modified or terminated at any time. Information regarding additional cash management services, including a description of services and fees, can be provided by the Administrator upon request.

**Written Redemption Requests.** A Participant may redeem shares by sending a written redemption request to the Administrator. The request must be on the Participant's letterhead and include the complete account name, number and address and the amount of the redemption and must be signed by an authorized signatory of the account pursuant to the account application. Shares will be redeemed at the net asset value next computed after receipt of the letter.

The Program reserves the right to request additional information from, and to make reasonable inquiries of, any eligible institution. Proceeds of a redemption will be paid by sending the Participant a check or ACH credit.

Written redemption requests should be sent to:

PFM Asset Management LLC  
P.O. Box 11760  
Harrisburg, Pennsylvania 17108-1760

**Withdrawal of All Funds in Account.** If at any time a Participant wishes to withdraw all of the funds in an account, the principal balance will be sent to the Participant by a Federal Funds Wire, ACH Transfer, or check according to the Participant's instructions. At month end, a check for any accrued interest will be mailed to the Participant.

Accounts will remain open for future deposits and investments, unless otherwise instructed.

**Redemption Requests Via EON.** Shares may be redeemed via EON. This method of redemption is available to Participants who complete and submit an "EON Internet Service Authorization Form" to the Administrator at:

PFM Asset Management LLC  
P.O. Box 11760  
Harrisburg, Pennsylvania 17108-1760

These forms can be obtained by logging onto the EON website through [www.mosip.org](http://www.mosip.org) or by calling the Administrator **1-877-MY-MOSIP (1-877-696-6747)**.

For additional information on redeeming shares, please call the Administrator at **1-877-MY-MOSIP (1-877-696-6747)**.

### **Important Notice**

During periods of severe market or economic conditions, it may be difficult to contact the Program by telephone. In that event, each Participant should follow the procedures described above for written redemption requests and send the request by overnight delivery service.

Please ensure that you check for available balances in your account before requesting a redemption. Checking your balance prior to moving money out of your account will prevent you from incurring any potential overdraft costs.

*Note: State aid and direct deposits do not always arrive on the date provided to the Administrator.*

## **HOW TO PURCHASE/INVEST: MOSIP Term CP/BA**

Once a Program account has been opened, shares in MOSIP Term CP/BA may be purchased by Federal Funds Wire or by requesting a transfer from a Money Market Series account.

### *Step 1. Execution.*

Call the Program at **1-877-MY-MOSIP (1-877-696-6747)** and ask for a MOSIP Term CP/BA account representative. Indicate whether redemption will be on a date prior to the termination date of the Series (a “Planned Early Redemption”). The account representative will provide the following information:

- a) the projected yield,
- b) the termination date or the Planned Early Redemption date, and c) the settlement date.

To place an order, inform the MOSIP Term CP/BA account representative that the terms are acceptable and provide the account representative with the following information:

- Name of Participant’s Account
- Participant’s Account Number
- Method of Settlement (Wire or Transfer from a Money Market Series account)
- Name of bank sending wire
- Amount being wired

Each investment by a Participant in a MOSIP Term CP/BA Series will be given its own projected yield based on the time of the investment in the MOSIP Term CP/BA Series, and it is expected that the projected yields will not be the same for all Participant investments in a Series.

The **MOSIP Term CP/BA** portfolio requires a minimum investment of \$1,000,000 and a minimum term of 60 days.

### *Step 2. Settlement.*

On settlement date, funds in the amount to be invested must be sent to the Custodian Bank (U.S. Bank National Association) via Federal Funds Wire or transferred from the Participant’s Money Market Series account. It is the responsibility of the Participant to insure that immediately available funds are received by the Program on settlement date. **The Program reserves the right to reject any investment and to limit the size of a Participant’s account.**

**Purchase by Federal Funds Wire.** Same-day investments in the MOSIP Term CP/BA may be purchased by wiring federal funds to U.S. Bank National Association (the program’s custodian bank). A Federal Reserve wire is preferred since it permits the investment of funds immediately upon receipt.

Participants making investments by wire must follow **both** of the following steps:

Step 1. Instruct your bank to wire funds (Federal Reserve wire, if possible) to:

U.S. Bank N.A., St. Louis, MO

**ABA # 081-000-210**

**Credit:** MOSIP, (Contact the Administrator at 1-877-696-6747 to obtain MOSIP account

number)

**Further credit:** Entity name and Fund Account #

Step 2. **Notify the Administrator by Noon Central Time** for same-day credit on EON at [www.mosip.org](http://www.mosip.org) or call the Administrator at **1-877-MY-MOSIP (1-877-696-6747)** and provide the following information:

Name of Participant's Account  
Participant's Account Number

Name of bank sending wire  
Amount being wired

**Note:** The Program does not charge a fee for receipt of these wires. However, a Participant's bank may charge for wiring funds. If the Program does not receive a wire on the date it was to be transmitted, the Participant may incur an overdraft charge or lose income until the funds are received. Wires received are not available for immediate (or same day) wire withdrawal.

#### **HOW TO REDEEM/WITHDRAW: *MOSIP Term CP/BA***

**Termination:** Each MOSIP Term CP/BA Series will terminate on the last Business Day of February or August. On the termination date the Program will wire fund representing the redemption value of the Participant's shares, including dividends, to the Participant's pre-authorized bank account or transfer the funds to a pre-authorized Money Market Series account. The Participant may also designate a second pre-authorized bank account. In the absence of instructions from the Participant, these funds will be transferred to a previously designated Money Market Series account of the Participant.

**Planned Early Redemption.** At the time an order for shares is placed, Participants may submit a request for redemption on a Planned Early Redemption date prior to the termination date for the Series without the imposition of a penalty.

**Premature Redemption.** A Participant may withdraw funds pursuant to a premature redemption request prior to the termination date for the Series or prior to the Participant's Planned Early Redemption date, as the case may be, by redeeming a minimum of 500,000 shares and multiples thereof (a "Premature Redemption"). Notice of Premature Redemption must be given seven (7) days prior to redeeming shares in MOSIP Term CP/BA. Participants can place a redemption order by calling a MOSIP Term CP/BA account representative at **1-877-MY-MOSIP (1-877-696-6747)**.

On the date of a Planned Early Redemption or a Premature Redemption, the Program will wire funds representing the value of the Participant's shares and dividends to the Participant's pre-authorized bank account, or funds will be credited to the Participant's Money Market Series account. In the absence of instructions from the Participant, these funds will be credited to a previously designated Money Market Series account of the Participant.

**Redemption Value of Premature Redemption.** The redemption value per share for shares redeemed on a Premature Redemption date is equal to the original purchase price for such share, plus dividends thereon, less such share's allocation of any losses incurred by the Series, less a Premature Redemption penalty, if any. The Premature Redemption penalty will be calculated by the Program's Investment Adviser and will be equal to (i) all penalty charges, losses and other costs (including, without limitation, interest paid on funds borrowed to pay the redemption) associated with amending, terminating, selling or otherwise affecting any of the investments in the MOSIP Term CP/BA Series in order to pay the Premature Redemption and (ii) an amount sufficient to maintain the projected yield on the remaining shares to the stated termination date for the Series or to the Planned Early Redemption date, as the case may be, less any prior losses affecting projected yield attributable to such shares. Thus, a Premature Redemption of shares may result in a penalty which could reduce the return and the principal value of the investment in amounts not ascertainable at the time shares of MOSIP Term CP/BA are issued. The

redemption value per share could be lower than the purchase price of the share, and the return could be lower than the projected yield quoted at the time of issuance of the share.

**Redemption Value on Termination Date.** The redemption value per share on the termination date of a Series will be equal to the original purchase price for such share, plus dividends thereon, less such share's allocation of any losses incurred by the Series (other than losses resulting from Premature Redemption of shares of a Series).

**Redemption Value on Planned Early Redemption Date.** The redemption value per share for shares being redeemed on a Planned Early Redemption date is equal to the original purchase price for such shares plus dividends thereon, less such share's allocation of any losses incurred by the Series (other than losses resulting from Premature Redemption of shares of the Series).

**Allocation of Losses.** Any losses incurred by a Series (other than losses resulting from Premature Redemptions of shares of the Series) will be allocated among all shares of the Series outstanding at the time such loss is incurred. Such a loss may result from a default on an investment or from a sale of an investment. If such a loss occurs, the redemption value per share could be lower than that on which the projected yield was quoted at the time of issuance of the share.

**Redemption Notice: By Telephone or by Mail.** Participants may call the Administrator on any Business Day at 1-877-MY-MOSIP (1-877-696-6747) to redeem shares, or may send a redemption notice by mail to the Program's address. The date for determining the seven (7) day minimum notification for a Premature Redemption shall be the date on which the notice is received by the Administrator.

## **DIRECTORS**

The Board of Directors has full, exclusive and absolute control and authority over the business and affairs of the Program and the assets in each Series, subject to the rights of the Participants as provided in the Intergovernmental Agreement. The Board of Directors may perform such acts as in their sole judgment and discretion are necessary and proper for conducting the business and affairs of the Program or promoting the interests of the Program. The Board of Directors appoints consultants and professional advisers for such purpose. The members of the Board oversee and review the activities of all consultants and professional advisers to the Program but are not directly involved in day to day operations.

### ***Number.***

There are currently twelve (12) positions on the Board of Directors. This number may be changed from time to time by resolution of the Board. The Missouri School Boards' Association, Missouri Association of School Business Officials and Missouri Association of School Administrators, as sponsors of the Program, are each represented by a permanent member of the Board, who shall be appointed by such association prior to each annual meeting, or at any time such position becomes vacant, and assumes office at the same time as elected Directors or when necessary to fill a vacancy.

### ***Term.***

The members of the Board of Directors (other than sponsor representatives) serve a term of three years, and, as long as eligible, a Director may be re-elected to any number of successive terms. In order to facilitate the smooth working continuity of the Board of Directors, the Directors have been divided into three classes, as equal in number as practicable, and arranged so that the term of office for one class will expire at each annual meeting of the Participants. At each annual meeting of the Program, the Participants will elect Directors to fill the class whose term then expires.

### ***Eligibility.***

Pursuant to the Intergovernmental Agreement, a Director (other than a sponsor representative) shall be an individual who is not under legal disability and who is (i) a member of the Board of a Participant of the



Program; or (ii) a superintendent, administrator, or a business official of a Participant in the Program; provided, however, there shall be no more than one Director affiliated as a board member, superintendent, administrator or business official with any one Participant; provided further, however, that no Director shall be disqualified from serving out an unexpired term by reason of such prohibition.

### ***Elections.***

The Board of Directors nominates candidates for membership on the Board of Directors to be considered by Participants at the annual meeting of Participants. These nominations are announced to the Participants prior to the annual meeting by proxy statement. Participants may nominate additional candidates for membership on the Board of Directors at the annual meeting. Election of the Directors is by the affirmative vote, by ballot or proxy, of a majority of the Participants at an annual meeting of the Participants.

### ***Vacancies.***

From time to time a vacancy may occur on the Board of Directors. In this event the remaining Directors will, by a majority vote, elect a replacement (see eligibility and composition requirements above) to serve the remainder of the term of the vacant position. When a vacancy occurs because of an increase in the number of positions on the Board, the Board of Directors will appoint a new member to serve until the next annual meeting of Participants. At this next meeting, the Participants will, by majority vote, elect an appropriate individual to serve the term of office applicable to that position.

### ***Officers.***

The Board of Directors elects, from among the members of the Board of Directors, persons to serve as Chairperson, Vice Chairperson and Secretary/Treasurer of the Program. The Board may also elect such other officers and agents as they deem appropriate. These officers (the "Officers") are elected annually by a majority vote of the Directors.

In addition, the Chairperson of the Program may, from time to time, select one or more Directors to serve as Directors assigned to the official custodianship of the assets allocated to a particular Series of the Program, as well as to the supervision of the activities of a particular Series.

### ***Compensation.***

The Directors serve without compensation, but they are reimbursed by the Program for reasonable travel and other out of pocket expenses incurred in connection with their duties as Directors.

### ***Duties.***

The Board of Directors is responsible for the general policies of and the programs and services provided by the Program including but not limited to the investment policies of each Series. The Board of Directors is also responsible for the general supervision and administration of the business and affairs of the Program. However, Directors are not involved in the day to day operations of the Program and are not required to personally conduct the business of the Program. Accordingly, consistent with its responsibility, the Board of Directors has appointed an Administrator, Investment Adviser, Marketing Agent and Custodian to which such duties have been assigned as the Board deems to be appropriate.

## **THE SPONSORS**

MSBA, MASA, MOASBO and MAC serve as Sponsors of the Program pursuant to Sponsorship Agreements between MOSIP and each of such Sponsors.

The Sponsors provide consulting services to the Program including the monitoring of various activities of the Program and its management. In addition, the Sponsors assist in the gathering of information pertaining to the Program and assist the Marketing Agent in developing marketing strategies and

materials. Subject to the supervision of the Board of Directors, MSBA acts as the lead Sponsor in overseeing the Program to assure it is effectively operated and promoted for the benefit of eligible school districts, municipalities, and other political subdivisions.

The Sponsors are paid various fees for their services to the Program (the “Sponsorship Fees”). Specifically, the Sponsors are cumulatively paid the following fees:

- (i) a percentage of the net assets of the Money Market Series as set forth below;

<u>MONEY MARKET SERIES (AVERAGE DAILY NET ASSETS)</u>	<u>BASIS POINTS</u>
\$0-\$250,000,000	4.5
\$250,000,001-\$500,000,000	3.15
\$500,000,001	2.75

and such fees are payable monthly and computed at annual rates and allocated as set forth below;

- (ii) 11% of the fees recognized as receivable by the Program’s Investment Advisor for investment advisory services to the Term Series, payable within 45 days of the termination of the respective Term Series and allocated as set forth below.

**ALLOCATION OF SPONSORSHIP FEES FOR SCHOOL DISTRICTS**

<b>Payment Allocation Amount for the Money Market Series and TERM Series</b>	<b>Payment Allocation Per Entity</b>
45.40%	MSBA
27.30%	MASA
27.30%	MOASBO

**ALLOCATION OF SPONSORSHIP FEES FOR COUNTIES**

<b>Payment Allocation Amount for the Money Market Series and TERM Series</b>	<b>Payment Allocation Per Entity</b>
33.00%	MSBA
19.85%	MASA
19.85%	MOASBO
27.30%*	MAC

\*Based on average Fund/TERM Series Balances for MAC member participation.

## **THE INVESTMENT ADVISER**

The Board of Directors has appointed PFMAM, as the Investment Adviser for each Series of the Program and additional programs. PFMAM is a Delaware limited liability company and is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. As of September 30, 2012 PFMAM had over \$44 billion in discretionary assets under management.

### ***Duties.***

Subject to the general supervision of the Board of Directors, the Investment Adviser continuously supervises and is responsible for the day to day operation of the investment programs, determines what investment instruments shall be purchased or sold and arranges for the purchase and sale of investment instruments for each Series of the Program.

### ***Investment Advisory and Management Agreement.***

The Program entered into an Investment Advisory and Management Agreement with PFMAM, on May 1, 2005 (the "Investment Advisory Agreement"). The Investment Advisory Agreement had an initial five (5) year term ending April 30, 2010. The Program and the Investment Adviser amended the Investment Advisory Agreement to extend the term to April 30, 2017, and to provide that the Directors may, on an annual basis, extend the term by an additional year. The Investment Advisory Agreement is not assignable, without the written consent of the Board of Directors and may be terminated without penalty on 90 days written notice at the option of the Board of Directors or upon 180 days written notice at the option of the Investment Adviser.

## **THE ADMINISTRATOR**

The Board of Directors has appointed PFMAM as the Administrator for the Program and each Series thereunder.

### ***Duties.***

The Administrator services all Participant accounts, determines and allocates income, provides written confirmation of the investment and withdrawal of monies by Participants, provides administrative personnel and facilities, bears certain expenses (including postage, telephone charges and computer time) and performs all related administrative services for each Series of the Program. In addition the Administrator determines the net asset value of each Series of the Program on each Business Day. On a quarterly basis, the Administrator provides the Board of Directors with a detailed evaluation of the performance of each Series of the Program. This evaluation includes a comparative analysis of investment results of each Series of the Program in relation to various industry standards.

### ***Administration and Marketing Agreement.***

The Program entered into an Administration and Marketing Agreement with PFMAM, PFMFD and the Missouri School Boards Association on May 1, 2005. The Administration and Marketing Agreement had an initial five (5) year term ending April 30, 2010. The Program and the Administrator amended the Investment Advisory and Marketing Agreement to extend the term to April 30, 2017, and to provide that the Directors may, on an annual basis, extend the term by an additional year. The Administration and Marketing Agreement is not assignable, without the written consent of the Board of Directors and may be terminated without penalty on 90 days written notice at the option of the Board of Directors or upon 180 days written notice at the option of the Administrator.

## **THE MARKETING AGENT**

The Board of Directors has appointed PFMFD as the marketing agent for each Series of the Program. PFMFD is a wholly owned subsidiary of PFMAM. Sales and marketing functions are performed by the Marketing Agent, a member of the Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and subject to the rules of the MSRB, in cooperation with the Missouri School Boards' Association.

### ***Duties.***

The Marketing Agent engages in marketing and sales effort for each Series, assists Participants in completing and submitting registration forms, assists in the preparation and dissemination of information with respect to the existence and operation of each Series of the Program, and bears certain marketing expenses for each Series (including the printing of documentation such as the Information Statement).

## **THE CUSTODIAN**

The Board of Directors have appointed U.S. Bank National Association as the custodian bank (the "Custodian") for each Series of the Program.

### ***Duties.***

The Custodian acts as a safekeeping agent and depository for the investments made by the Program and its several Series. It also serves as the depository in connection with the direct investment and withdrawal mechanisms made available to Participants in the Program. The Custodian does not participate in the Investment Adviser's investment decision making process. Assets invested as part of the Fixed Income Investment Program, the IP Program and the BAM Program are held by the Custodian in individual accounts for each Participant, separate from the assets of the Program.

### ***Trading with the Custodian.***

All Series of the Program may buy and sell Permitted Investments from and to the Custodian.

### ***Custodian Agreement.***

The Program entered into a Custodian Agreement with U.S. Bank National Association for the Program on March 1, 2003. The Custodian Agreement has no specific termination date. The Custodian Agreement is not assignable and may be terminated without penalty on 60 days' written notice at the option of the Program or the Custodian.

The Board of Directors may, in its discretion, employ one or more custodians in addition to the Custodian referred to above.

## **LEGAL COUNSEL**

Bryan Cave, LLP, Kansas City, Missouri, serves as legal counsel to the Program.

## **INDEPENDENT ACCOUNTANTS**

PriceWaterhouseCoopers LLP serves as the Program's independent accountants.

## **EXPENSES OF THE VARIOUS SERIES**

### ***Money Market Series.***

Under its agreements, the Program pays PFMAM and its affiliates various fees for the services it provides as Administrator, Investment Adviser, and Marketing Agent. Specifically, for the Money Market Series, PFMAM and PFMFD are paid the following fees, which are calculated daily and paid monthly:

- (i) an investment advisory fee at an annual rate of 0.11% of the first \$250,000,000 of the average daily net assets, 0.096% of the average daily net assets in excess of \$250,000,000 but less than \$500,000,000, and 0.0725% of the average daily net assets in excess of \$500,000,000;
- (ii) an administration fee at an annual rate of 0.11% of the average daily net assets; and
- (iii) a marketing fee to PFMFD at an annual rate of 0.045% of the first \$250,000,000 of the average daily net assets, 0.0425% of the average daily net assets in excess of \$250,000,000 but less than \$500,000,000, and 0.04% of the average daily net assets in excess of \$500,000,000.

In addition to the aforementioned fees, the Money Market Series pays its own associated expenses such as insurance costs, the fees of the Custodian under the Custodian Agreement, audit, rating agency, director expenses and legal fees.

### ***MOSIP Term CP/BA.***

Under terms of its Investment Advisory Agreement with the Program, each MOSIP Term CP/BA Series pays PFMAM a monthly fee for investment advisory, administration and marketing services at the annual rate of 0.15% of average daily net assets. PFMAM has agreed to waive fees in an amount equal to 11%, of fees recognized as receivable at the termination of each MOSIP Term CP/BA Series for investment advisory services. In addition, and at its discretion, PFMAM may waive some additional portion or all of its fees for MOSIP Term, and such further waiver may be discontinued at any time. In addition to the aforementioned fees, each MOSIP Term CP/BA Series is responsible to pay its own associated expenses such as insurance costs, the fees of the Custodian under the Custodian Agreement, audit, rating agency, Board of Directors expenses and legal fees.

### ***Expense Waivers***

PFMAM, the Custodian or the Sponsors (each a “Service Provider”) may, but shall not be obligated to, reduce a portion of its fees to assist the Fund in an attempt to maintain a positive yield. In the event that a Service Provider elects to initiate a fee reduction, such fee reduction shall be applicable to the computation of the net asset value (“NAV”) of the Fund on the business day immediately following the date on which the Service Provider gives notice to the Fund on the rate of the fee reduction to be applied in calculating the NAV. A fee reduction shall remain in effect until notice is provided to the Fund by the Service Provider regarding its intent to terminate its fee reduction or revise, upward or downward, the rate of its fee reduction.

At any time after a fee reduction has been terminated, the relevant Service Provider may elect to have the amount of its accumulated reduced fees restored in whole or in part under the conditions described in the Service Provider’s Fee Reduction Agreement with the Fund by way of a payment of fees in excess of the rate it was entitled to, prior to any fee reduction, all as set forth in the respective Fee Reduction Agreement.

## **DAILY INCOME ALLOCATIONS**

### ***Money Market Series.***

All net income of the Money Market Series is determined as of the close of business on each Business

Day (or at such other times as the Board of Directors may determine) and is allocated pro rata to each Participant's account. Net income which has thus accrued is converted, as of the close of business of each calendar month, into additional shares (full and fractional) of beneficial interest at the rate of one share for each \$1.00 accrued. These additional shares are then credited to each Participant's account(s) and may be withdrawn by the Participant anytime thereafter.

Net income for each period consists of (i) all accrued interest income on the assets of the Money Market Series, (ii) all realized gains or losses on the assets of the Money Market Series and (iii) any amortized purchase discount or premium, (iv) less accrued expenses of the Money Market Series applicable to that income period. Since net income of the Money Market Series is allocated among the Participants each time it is determined, the net asset value per share of beneficial interest is intended to remain at \$1.00. The Program anticipates the Money Market Series will have net income each day. However, if for any reason there is a net loss experienced by the Money Market Series on any day, the accrued net income for the Money Market Series for the month maybe reduced in an amount necessary to maintain the net asset value per share of beneficial interest at a value of \$1.00. To the extent that accrued net income for the month is insufficient, then outstanding shares of beneficial interest in the Money Market Series will be cancelled in the amount required to maintain the net asset value per share of beneficial interest at \$1.00, each Participant contributing its pro rata portion of the total number of shares to be cancelled by the Money Market Series. Each Participant will be deemed to have agreed to such a contribution in these circumstances by its adoption of the Intergovernmental Agreement and its investment of monies in the Money Market Series.

#### ***MOSIP Term CP/BA.***

Dividends on shares of MOSIP Term CP/BA are declared and paid on the termination date of each series, except for dividends on shares redeemed pursuant to a Planned Early Redemption or a Premature Redemption before the termination date of such series, which will be declared and paid when such shares are redeemed. Dividends will be paid from net income, which will consist of (i) interest earned, (ii) plus any discount ratably amortized to the date of maturity, (iii) plus all realized gains and losses on the sale of securities prior to maturity, (iv) less ratable amortization of any premium and all accrued expenses of the Series.

Dividends on shares which are declared and paid on a Planned Early Redemption date are equal to the projected yield for such shares to the Planned Early Redemption date, less any losses affecting projected yield attributable to such shares. Dividends on shares declared and paid on a Premature Redemption date are equal to the projected yield for such shares to the Premature Redemption date, less any losses affecting projected yield attributable to such shares. Dividends on shares declared and paid on a termination date for a MOSIP Term CP/BA Series are equal to the projected yield for such shares to the termination date, less any losses affecting projected yield attributable to such shares, plus an additional dividend, if any, equal to any excess net income of the Series attributable to such shares. Any excess net income of a Series on the termination date will be distributed as an additional dividend only to the shares of the Series that are outstanding on the termination date of the Series, and the excess net income will be allocated on a pro rata basis to all shares then outstanding. Additional dividends, if any, will be deposited into a Participant's Money Market Series account unless a separate wire transfer has been pre-authorized.

Investment securities may be distributed to the Participants in any portfolio or Series in lieu of cash whenever the Investment Adviser or Directors determine that such distributions would be in the best interest of the Participants in the portfolio or Series.

The investments made for the Program are in money market instruments of generally short maturities. The Investment Adviser may attempt to maximize yields through trading, to take advantage of short-term market variations. These strategies may result in high portfolio turnover. However, since the costs of transactions of the type in which the Program engages are small, high turnover rate is not expected to adversely affect net asset values or yields.

## **COMPUTATION OF YIELD**

### ***Money Market Series.***

Current yield information for the Money Market Series may, from time to time, be quoted in reports, literature and advertisements published by the Program. The current yield of the Money Market Series, which is also known as the current annualized yield or the current seven-day yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally valued at \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

The Program may also quote a current effective yield of the Money Market Series from time to time. The current effective yield represents the current yield compounded to assume reinvestment of dividends. The current effective yield is computed by determining the net change (exclusive of capital changes and income other than investment income), over a seven-day period in the value of a hypothetical account with a balance of one share at the beginning of the period, dividing the difference by the value of the account at the beginning of the period to obtain the base period return, then compounding the base period return by adding 1, raising the sum to a power equal to 365 divided by 7, and subtracting 1 from the result. The current effective yield will normally be slightly higher than the current yield because of the compounding effect of the assumed reinvestment.

The Program also may publish a “monthly distribution yield” on each Participant’s month-end account statement. The monthly distribution yield represents the net change in the value of a hypothetical account with a balance of one share (normally valued at \$1.00 per share) resulting from all dividends declared during a month by the Money Market Series expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

At the request of the Directors, the Program may also quote the current yield of the Money Market Series from time to time on bases other than seven days for the information of its Participants if such quote is accompanied by the current yield.

### ***MOSIP Term CP/BA.***

The yield quoted for any Series of MOSIP Term CP/BA is determined by dividing the expected net income per share for the period from the settlement date to the termination date by the purchase price per share, dividing this result by the actual number of days between the settlement date and the termination date, and multiplying the result by 365 or 366 as applicable.

The yields quoted by the Program or any of its representatives should not be considered a representation of the yield of the Money Market Series or MOSIP Term CP/BA portfolios in the future, since the yield is not fixed. Actual yields will depend on the type, quality, yield and maturities of securities held by the portfolios, changes in interest rates, market conditions and other factors.

## **DETERMINATION OF NET ASSET VALUE**

### ***Money Market Series***

For the purpose of calculating the price at which shares are issued and redeemed, the net asset value per

share for the Money Market Series of the Program is determined by the Administrator as of the close of business each Business Day. The net asset value per share is computed by dividing the total value of the securities and other assets of the Money Market Series, less applicable liabilities, by the number of outstanding shares for the Money Market Series.

In making these computations, the Administrator values portfolio investments in the Money Market Series using the amortized cost method. The amortized cost method of valuation involves valuing an investment instrument at its cost at the time of purchase and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. While the amortized cost method provides certainty in valuation, there may be periods during which the value of a particular investment, as determined by amortized cost, is higher or lower than the price that would be received if that investment were sold. During such periods the yield to Participants may differ somewhat from that which would be obtained if the market value method were used for valuing investments. Thus, for example, in a period of declining interest rates the use of amortized cost will result in a lower aggregate Series value on a particular day, giving a prospective Participant in the Money Market Series a somewhat higher yield than would result if the Program used the market value method. The converse would be true in a period of rising interest rates. The purpose of the amortized cost method of valuation is to attempt to maintain a constant net asset value per share of beneficial interest of \$1.00 for the Money Market Series. However, there can be no guarantee that this objective will be achieved.

The Board of Directors has adopted certain procedures to monitor the value of the portfolio of the Money Market Series. These procedures include requiring the Administrator to perform a weekly valuation of the portfolio using the market value method. The valuation of the portfolio using the amortized cost method is then compared to the valuation of such investments using the market value method.

The Directors acknowledge and review, no less often than each regularly scheduled Board of Directors meeting, the valuation of the portfolio investments of the Money Market Series using the market value method and compare that valuation to the valuation achieved using the amortized cost method as reflected on the books of the Program.

### ***MOSIP Term CP/BA***

The redemption value per share for any Series of MOSIP Term CP/BA will be determined as of 1 p.m. Eastern Time on any day when a redemption is made. The redemption value per share on the termination date of a Series is equal to the original purchase price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the Series (other than losses resulting from Premature Redemptions of shares of the series). The redemption value per share for shares being redeemed on a Planned Early Redemption Date is equal to the original purchase price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the Series (other than losses resulting from Premature Redemptions of shares of the Series). The redemption value per share for shares being redeemed on a Premature Redemption Date is equal to the original price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the Series, less a Premature Redemption penalty, if any.

Each MOSIP Term CP/BA Series provides for a fixed-rate, fixed-term investment by Participants, but the market value of the underlying assets will, prior to their maturity, tend to fluctuate inversely with the direction of interest rates. It is the intent of the Program to manage each series in the MOSIP Term CP/BA portfolio in a manner that produces a share price of at least \$1.00 on the termination date and on each Planned Early Redemption Date for the Participant that redeems on said date. However, there can be no guarantee that this objective will be achieved.

The Investment Adviser, on behalf of the Program, determines the net asset value of the shares of MOSIP Term CP/BA at the close of each Business Day for purpose of computing fees. The net asset value per



shares for each Series of MOSIP Term CP/BA is calculated by dividing the total value of investments and other assets less any liabilities by the total outstanding shares of the series as of the day the calculation is made.

### **REPORTS TO PARTICIPANTS**

For each day that a Participant's account in any Series has activity, the Administrator will send that Participant a daily confirmation reflecting an opening balance, activity and a closing balance for that account. After the end of each month, Participants who have had account balances during the month will be sent a monthly statement reflecting an opening balance, all transactions for the month and a closing balance for each of their accounts, regardless of activity. In addition, the statement will reflect the net income received by each account for that month, as well as the cumulative total for the fiscal year to date.

In addition, the Program's unaudited quarterly financial statements will be available to Participants at the fund's website following the close of each fiscal quarter. After the close of each fiscal year, Participants will receive the Program's audited annual financial statements.

#### ***Inquiries.***

The Administrator on behalf of the Program answers all inquiries from Participants concerning the status of accounts and the yields currently available through the Program's various investment alternatives. Such inquiries can be made by writing to MOSIP, c/o PFM Asset Management LLC, P.O. Box 11760, Harrisburg, PA 17108-1760, or by telephoning, toll-free, 1-877-MY-MOSIP (1-877-696-6747), during its normal business hours (Mon. - Fri., 7:30 a.m. - 4:00 p.m., Central Time).

### **INTERGOVERNMENTAL COOPERATION AGREEMENT**

Each potential Participant in the Program is provided a copy of and must become a party to the Intergovernmental Agreement before it becomes a Participant. Certain portions of the Intergovernmental Agreement are summarized in this Information Statement. However, these summaries are qualified in their entirety by reference to the definitive text of the Intergovernmental-Agreement.

#### ***Recording.***

The Intergovernmental Agreement has been filed in the office of the Secretary of the State of Missouri.

#### ***Description of Shares.***

The Intergovernmental Agreement authorizes an unlimited number of nontransferable shares which may be used to represent the proportionate allocation among Participants of beneficial interests in each Series of the Program. These shares do not entitle Participants to preference, conversion, exchange or preemptive rights. No shares may be assigned or transferred to any person other than the Program itself at the time of redemption. Furthermore, shares may not be pledged, hypothecated or otherwise encumbered by a Participant. These shares of beneficial interest only represent a Participant's investments in the Money Market Series and or MOSIP Term CP/BA Series.

#### ***Voting.***

The Participants shall be entitled to vote, as a matter of right, only upon election of Directors, amendments to the Intergovernmental Agreement or termination of the Program, and the reorganization of the Program. Each Participant is entitled to one vote with respect to each matter requiring a vote of Participants, regardless of the number of shares that Participant holds. Participants are not entitled to cumulative voting, and are not entitled to vote on a Series by Series basis.

#### ***Participant Liability.***

The Intergovernmental Agreement provides that no Participant shall be subject to any personal liability

whatsoever, in tort, contract or otherwise to any other person or persons in connection with Program Property (as defined in the Intergovernmental Agreement) or the affairs of the Program; and no Director, officer, employee or agent (including, without limitation, the Marketing Agent, the Investment Adviser, the Administrator and the Custodian) of the Program shall be subject to any personal liability whatsoever in tort, contract or otherwise, to any other Person in connection with Program Property or the affairs of the Program, except that each shall be liable for bad faith, willful misconduct, gross negligence or reckless disregard of duties, for failure to act in good faith in the reasonable belief that the action was in the best interests of the Program; for willful or negligent failure to take reasonable measures to restrict investments of the Program Property to those permitted by law and the Intergovernmental Agreement; and all such other Persons shall otherwise look solely to the Program Property for satisfaction of claims of any nature arising in connection with the affairs of the Program.

***Responsibility of Directors, Officers and Employees.***

The Intergovernmental Agreement provides that no Director, officer, employee or agent (including, without limitation, the Marketing Agent, the Investment Adviser, the Administrator, a Sponsor and the Custodian) of the Program shall be liable to the Program or to any Participant, Director, officer, employee or agent (including, without limitation, the Adviser, the Administrator and the Custodian) of the Program for any action or failure to act (including, without limitation, the failure to compel in any way any former or acting Director to redress any breach of trust) except for bad faith, willful misfeasance, gross negligence or reckless disregard of duties or, for willful or negligent action or failure to act or to take reasonable measures to restrict investments of the Program Property to those permitted by law; provided, however, that the provisions of this Section shall not limit the liability of any agent of the Program with respect to breaches by it of a contract between it and the Program.

The Intergovernmental Agreement provides that the name "Missouri Securities Investment Program" is the designation of the Program and that this designation refers to the Board of Directors collectively in such capacity and not personally or as individuals. All persons dealing with the Program must look solely to the Program Property for the enforcement of any claims against the Program since neither the Directors, Officers, employees, nor Participants assume any personal liability for obligations entered into on behalf of the Program.

***Indemnification.***

Subject to certain condition and limitations, the Program will indemnify its Directors, officers, employees and any other persons who might be designated by the Directors to receive such indemnification, against all liabilities and expenses (including, without limitation, amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees) reasonably incurred by such individual in connection with the defense or disposition of any action, suit or other proceeding, civil or criminal, brought by the Program or any other person, in which such individual may be involved or threatened with, while in office or thereafter, by reason of being or having been such a Director, officer, employee or otherwise designated person except as to any matter as to which he shall have been adjudicated to have acted in bad faith or with willful misfeasance or reckless disregard of his duties or gross negligence.

Any action taken by, or conduct on the part of, any Investment Adviser, Administrator, Marketing Agent, Director, officer, or employee of the Program, in conformity with the Intergovernmental Agreement, or in good faith reliance upon the Intergovernmental Agreement shall not constitute bad faith, willful misfeasance, gross negligence or reckless disregard of his duties.

***Termination of the Intergovernmental Agreement.***

The Program may be terminated by the affirmative vote of a majority of the Participants entitled to vote. Following such termination the Directors will pay, or adequately provide for the payment of, all of the Program's liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Directors will distribute the remaining Program Property, in cash

or in kind or partly in cash and partly in kind, among the Participants in proportion to their shares of beneficial interest.

***Amendment of Intergovernmental Agreement.***

The Intergovernmental Agreement may be amended by the affirmative vote of a majority of the Participants entitled to vote.

Upon 15 days' written notice to the Participants, the Board of Directors may, from time to time, by a two thirds vote, amend the Intergovernmental Agreement without the vote or consent of the Participants, to the extent the Directors deem necessary to conform the Intergovernmental Agreement to the requirements of applicable laws. However, the Directors shall not be liable for failing to do so.

**CERTAIN RISKS OF INVESTMENT IN THE PROGRAM**

There are risks associated with investment in each Series of the Program which, before investment, should be considered carefully by each Participant and potential Participant in light of its particular circumstances. The Program, or any one particular Series of the Program, may not be an appropriate investment in certain situations for some Participants and potential Participants. Although the Money Market Series and the MOSIP Term CP/BA Series are rated by Standard & Poor's Rating Services ("S&P") and the Money Market Series has been designed and is operated to achieve the goals of safety, liquidity and yield, each Participant and potential Participant should carefully consider the following discussion in light of its own particular circumstances.

***Income, Market and Credit Risk.***

Investments in the Program are subject to income, market and credit risk. Income risk is the potential for a decline in current income of the investment portfolio of a Series. The Money Market Series' current income is based on relatively short-term interest rates, which can fluctuate substantially over short periods. Accordingly, investments in the Program are subject to current income volatility. Market risk is the potential for a decline in the market value of fixed-income securities held in the investment portfolio of the Money Market Series as a result of a rise in prevailing interest rates. This could result in the incurrence of a loss with respect to a portfolio security in the event that such a security were to be sold for a market price less than its amortized value. Credit risk is the possibility that an issuer of securities held in the investment portfolio of a Series fails to make timely payments of principal or interest. The credit risk of each Series depends on the securities in which the Series invests. The particular investment mix of each Series varies from each other Series. A discussion of the credit risks associated with certain Permitted Investments is set forth below.

Participants should be aware that in the event that an issuer in which monies relating to the Money Market Series or MOSIP Term CP/BA Series have been invested fails, Participants in any affected Series may experience a loss, or indeterminate delays in the receipt of their funds while claims are processed. In addition, such Participants may not receive interest earnings for the period before and the period after the failure. To the extent that an investment is collateralized, Participants may experience delays in the receipt of their funds while such collateral is applied to the satisfaction of claims. In addition, Participants may experience losses in the event that the collateral cannot be disposed of promptly or for an amount sufficient to satisfy the applicable claims.

***Repurchase Agreements.***

Any Series of the Program may purchase U.S. Government Securities that are subject to agreements which are commonly known as repurchase agreements. Under such an agreement, the seller agrees to repurchase, and the Series agrees to resell, the U.S. Government Securities at a specified time and at an agreed upon price. The difference between the price paid by the Series at the time of purchase and the price at which the Series agrees to resell the U.S. Government Securities back to the seller, divided by the

price paid at the time of purchase represents the yield with respect to this transaction. This yield may be more or less than the stated interest rate for the underlying U.S. Government Securities.

Although the Program enters into such repurchase agreements only with financial institutions recommended by the Investment Adviser and reviewed by the Board, there can be no assurance that any particular authorized financial dealer will pay the agreed upon contract repurchase price on the designated date for repurchase. In the event that a financial institution fails to pay the contract price at the specified time, the particular Series investing in such repurchase agreements may suffer a loss resulting from (i) a diminution in value of the underlying U.S. Government Securities to an amount which is below the amount of the anticipated repurchase price, (ii) the costs associated with the resale of the U.S. Government Securities, and (iii) any loss that may result from any delay experienced in foreclosing upon and reselling the underlying U.S. Government Securities.

At the time a Series enters into a repurchase agreement the underlying U.S. Government Securities will have a market value which is at least 102% of the price paid by the Series. There can be no assurance, however, that such market value will continue to exceed that purchase price. In the event the market value of the underlying U.S. Government Securities falls below the original purchase price plus accrued interest, the dealer will be required to have its custodian bank deliver additional U.S. Government Securities necessary to increase such value to 102%. However, there can be no assurance that such deliveries of additional U.S. Government Securities will be made in all circumstances. In the event that such a delivery is not made and the dealer does not pay the contract repurchase price on the specified date, the amount of the loss to the Series will be increased as a consequence of such failure of delivery.

Participants should be aware that repurchase agreements represent only the contractual obligations of the financial institutions to repurchase the underlying U.S. Government Securities at the price and on the date specified in the repurchase agreement. The particular Series of the Program investing in such repurchase agreements may suffer substantial losses if the repurchase agreement is made with any dealer which becomes bankrupt, insolvent or otherwise unable to perform before such agreement is fulfilled.

In light of these potential risks, the Board of Directors has approved certain operating procedures which the Investment Adviser must follow when entering into repurchase agreements.

***Obligations of United States Governmental Agencies and Instrumentalities.***

Participants should be aware that not all obligations issued by agencies and instrumentalities of the United States of America are backed by the full faith and credit of the United States of America. The short-term obligations of some agencies and instrumentalities of the United States of America that may be purchased by the Program from time to time are not full faith and credit obligations of the United States of America, and may in fact be obligations only of the issuing agency or instrumentality. The creditworthiness of such obligations relates only to the creditworthiness of the issuing agency or instrumentality and any collateral security, if any. No assurance can be given that every such agency or instrumentality will, under all circumstances, be able to obtain funds from the United States Government or other sources to support all of its obligations.

***Bankers' Acceptances.***

Each Series of the Program may purchase bankers' acceptances rated, at the time of purchase, within the highest rating issued by Moody's, S&P or another nationally recognized statistical rating organization. Bankers' acceptances are credit instruments evidencing the obligation of a bank to pay a draft drawn on it by a customer. These instruments reflect the obligation both of the bank and of the drawer to pay the face amount of the instrument upon maturity.

***Commercial Paper.***

Each Series of the Program may purchase commercial paper rated, at the time of purchase, within the highest rating issued by Moody's, S&P or another nationally recognized statistical rating organization.

Commercial Paper is debt issued by a company that is secured by assets, if any, of the company. The creditworthiness of such obligations relates only to the credit of the issuing company. Although the Program uses certain criteria when determining what companies' commercial paper will be purchased, no assurance can be given that such companies will not become insolvent during the life of any investment in it. In the event of the insolvency of a company issuing commercial paper in which the Program has invested or in the event of any other default with respect to commercial paper, if appropriate, a claim will be filed by the Program against the company. However, there is no assurance that the Program will receive any recovery as a result of filing a claim.

### ***MOSIP TERM CP/BA and Participant Diversification Monitoring***

Up to 100% of the assets within the MOSIP Term CP/BA Series may be invested in commercial paper and/or bankers' acceptance securities. It is the Participant's sole responsibility to assure that funds placed by Participant in any commercial paper and bankers' acceptances outside of the MOSIP Term CP/BA Series do not cause the total overall amount for the Participant to exceed the investment policy diversification limits developed by the State Treasurer of the State of Missouri or as otherwise may be required by Missouri law. The Investment Advisor cannot monitor additional commercial paper and/or bankers' acceptance investments made by the Participant outside of MOSIP, and neither the Investment Advisor nor MOSIP can be responsible for Participants meeting such diversification requirements within their total overall investment portfolio.

### ***FDIC Insured Certificates of Deposit.***

Participants should note that in July 1990, FDIC regulations regarding the coverage of deposits in thrift institutions became effective. These regulations conform to current FDIC regulations regarding the coverage of deposits in insured banks. Under these regulations, deposits made by the Program in any insured institution are insured up to applicable FDIC insurance limits and other limitations in effect at the time of purchase in the aggregate for all time, savings and demand deposits as well as certificates of deposit. FDIC insurance is backed by the full faith and credit of the United States government.

Some of the assets of the Money Market Series and MOSIP Term CP/BA Series may be invested in certificates of deposit insured by the FDIC. No assurance can be given that such an institution will not become insolvent during the life of a deposit investment in it.

In the event that an institution issuing a certificate of deposit in which a Series has invested becomes insolvent, or in the event of any other default with respect to such a certificate of deposit, an insurance claim will be filed with the FDIC by the Program, if appropriate. In such a case, there may be delays before the FDIC, or other financial institution to which the FDIC has arranged for the deposit to be transferred, makes the relevant payments. Such delays may be occasioned by requirements relating to the filing and processing of insurance claims, including requests for additional information by the FDIC. Furthermore, if the defaulted deposit is transferred to another institution, the transferee institution may, instead of paying the insured amount, elect to keep the deposit in existence with or without changing its original terms. Such changes of terms may include a reduction of the original interest rate paid on the deposit. Any of these actions may have adverse consequences to the particular Series in which such deposit is held.

The amount insured by the FDIC is the principal of the relevant deposit and the interest accrued on the deposit to the date of default, up to applicable FDIC insurance limits and other limitations in effect at the time of purchase in the aggregate. There is no insurance with respect to interest payable on a deposit between the date of the default and the date of the payment of insurance by the FDIC. Accordingly, a default by an institution might result in a delay in the receipt of invested principal and pre-default accrued interest by an affected Participant and a loss of interest accruing during the period between the date of the default and the payment of the insurance.

In addition, the FDIC is free to deny any claim that it does not deem to be valid. Any such denial might have to be challenged in judicial or administrative proceedings brought by the Program and affected Participants. In the event that funds are not made available to it by the United States of America or other sources, Participants could experience a loss due to a full or partial nonpayment of insurance claims by the FDIC.

In excess of the FDIC insurance limit, a certificate of deposit may be secured by a pledge of assets as provided by law. If the institution fails to make payment when due on the deposit, the risks are similar to those described above with respect' to repurchase agreements.

CDs purchased within the Fixed Income Investment Program also carry a certain amount of risk. Since the Fixed Income Investment Program cannot actively monitor investments of any type made outside of the program, a Participant's total deposits with a financial institution may exceed FDIC coverage limits, leaving a Participant exposed to potential losses should the financial institution be unable to honor its commitments to depositors.

Investors should also be aware of the risk involved with early redemption of CDs purchased through the Fixed Income Investment Program. CDs are not liquid. Early redemption penalties charged by the CD issuer could reduce or eliminate any earnings and could mean that the amount the investor receives is less than the initial purchase amount.