



**INFORMATION  
STATEMENT  
(CASH RESERVE FUND)**

The Premier Investment Service for Texas  
Local Governments

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***The TexSTAR Information Statement should be read carefully before investing. Investors should consider the investment objectives, risks, charges and expenses associated with this or any security prior to investing. Investments in TexSTAR are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency and although TexSTAR seeks to preserve the value of the investment at a fixed price, it is possible to lose money by investing in the fund. For further information, contact TexSTAR Participant Services at (800) 839-7827.***

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## Organization and Structure

Texas Short Term Asset Reserve Program (“TEXSTAR”) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the “PFIA”). These two acts provide for the creation of public funds investment pools (including TEXSTAR) and authorize eligible governmental entities (“Participants”) to invest their public funds and funds under their control through the investment pools. TexSTAR is governed by a board of directors (the “Board”).

The Board may establish separate Funds within TEXSTAR from time to time. Participants choose the Funds in which their deposits are invested. Participants’ assets in the Funds are represented by units of beneficial interest (“units”). The Board may issue an unlimited number of units in each Fund.

This Information Statement provides information relating to investments in the TexSTAR Cash Reserve Fund (the “Fund”).

## Public Funds Investment Act Disclosure Items

Section 2256.016 of the PFIA requires investment pools to provide an information statement to the investment officer or other authorized representative of an investing entity. This section provides the required information for TEXSTAR.

1. **Objectives of TexSTAR.** The primary objectives of TEXSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants’ needs, and yield. There is no sales charge and no investment minimum. TEXSTAR will invest only in instruments authorized under both the Public Funds Investment Act and the current TEXSTAR Investment Policy. See Item 2 of this section for a description of authorized TEXSTAR investments.

As a secondary objective to safety and liquidity, the Fund will be directed toward achieving a competitive rate of return for Participants. Efforts will be made to minimize market and credit risk through investment diversification.

2. **Types of Investments Authorized for TEXSTAR Cash Reserve Fund.** The investment policies and composition guidelines for the TEXSTAR Cash Reserve Fund are summarized below. The TEXSTAR Investment Policy restricts investment of the Fund portfolio as follows:

### Authorized Investments:

- A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks, and obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies or instrumentalities,

including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, except as prohibited by the PFIA;

- B. Fully collateralized repurchase agreements with a defined termination date not to exceed 95 calendar days and reverse repurchase agreements with a defined termination date not to exceed 90 days (unless the repurchase agreement has a put option that allows the fund to liquidate the position at principal plus accrued interest with no more than 7 days notice to the counterparty) and secured by cash or any obligations, including letters of credit, of the United States or its agencies or instrumentalities, including the Federal Home Loan Banks. The repurchase and reverse repurchase agreements must be placed with primary government securities dealers and/or financial institutions doing business in the State of Texas.
- C. No-load money market mutual funds which meet the requirements of the PFIA and which (1) are registered with and regulated by the United States Securities and Exchange Commission (SEC), (2) provide a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, (3) comply with SEC Rule 2a-7, (4) include in their investment objectives the maintenance of a stable net asset value of \$1 per share, and (5) invest only in obligations of the United States, its agencies and/or instrumentalities or repurchase agreements collateralized by obligations of the United States, its agencies and/or instrumentalities.

**Prohibited Investments:**

The TEXSTAR Cash Reserve Fund *will not* invest in:

- A. Derivatives, which include instruments which have embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer or are not correlated on a one-on-one basis to the associated index or market.
- B. Commercial paper.
- C. Certificates of deposit.

**Diversification Guidelines:**

Specific Fund diversification limitations govern investments of the TEXSTAR Cash Reserve Fund portfolio, applied at the time of purchase.

- A. 100% of the Fund may be invested in obligations of, unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its agencies or instrumentalities, including the Federal Home Loan Banks.
- B. 100% of the Fund may be invested in repurchase agreements. Not more than 25% of the Fund may be invested in term repurchase agreements.

- C. Reverse repurchase agreements will be used primarily to enhance Fund return and may not total more than one-third (1/3) of the total Fund assets.
  - D. A maximum of 10% of the Fund may be invested in any one money market mutual fund, and the Fund's investment in any one money market mutual fund may not exceed 10% of the total assets of that money market mutual fund.
  - E. A maximum of 60 percent (60%) of the Fund may be invested in eligible variable rate notes.
3. **Maximum Average Dollar-Weighted Maturity.** The dollar weighted average maturity of the TEXSTAR Cash Reserve Fund portfolio may not exceed (1) sixty (60) days calculated utilizing the period remaining until the date on which, in accordance with the terms of each security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made, and may utilize the interest rate reset date for variable or floating rate securities; or (2) one hundred twenty (120) days calculated taking into account the period remaining until the date on which, in accordance with the terms of each security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.
  4. **Maximum Stated Maturity Date.** The maximum stated maturity for any securities that are obligations of or guaranteed or insured by the United States, its agencies or instrumentalities in the TEXSTAR Cash Reserve Fund portfolio is limited to 397 days for fixed rate securities and 24 months for variable rate notes.
  5. **Size of the Pool.** The current size of the TexSTAR Cash Reserve Fund is provided in the TEXSTAR monthly newsletter on the TexSTAR website at [www.texstar.org](http://www.texstar.org) or by contacting TEXSTAR Participant Services. A copy of the most recent newsletter may be obtained in connection with and in addition to this Information Statement.
  6. **TEXSTAR Advisory Board.** Section 2256.016(g)(1) of the Public Funds Investment Act requires TEXSTAR to establish and maintain an advisory board composed of Participants in TEXSTAR and other persons who do not have a business relationship with TEXSTAR. Members are appointed and serve at the will of the Board. The names of the Advisory Board members are available on the TexSTAR website at [www.texstar.org](http://www.texstar.org).
  7. **Custodian and Transfer Agent for TEXSTAR.** JPMorgan Chase Bank, N.A. serves as custodian to TEXSTAR and Boston Financial Data Services, Inc. serves as transfer agent to TexSTAR. The transfer agent will receive and disburse all Participant deposits and withdrawals and the custodian will settle all Fund trades, safekeep securities, and collect all income or any other payments due in connection with purchased securities for TEXSTAR.
  8. **Net Asset Value.** The TEXSTAR Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit (rounded to the nearest whole cent) and is designed to be used by Participants for investment of funds that require daily liquidity availability.

9. **Source of Payment.** The only source of payment to Participants is the market value of the assets of the TEXSTAR Fund in which they invest and the income and profits derived from those assets. There is no secondary source of payment such as insurance or guarantees.
10. **Independent Auditor.** TEXSTAR is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. PricewaterhouseCoopers LLP has been retained to provide independent auditing services for TEXSTAR. Its address is 1201 Louisiana Street, Suite 2900, Houston, Texas 77002.
11. **Operating Procedures.** Deposits and withdrawals may be made by wire transfer or automated clearinghouse (ACH) transfer according to established operating procedures. The requirements for TEXSTAR deposits and withdrawals, deadlines, and other operating procedures are summarized under the section entitled “Summary of Operating Procedures” later in this Information Statement.
12. **Performance History.** The performance history, including yield, weighted average maturity, expense ratios and average balance for the TEXSTAR Cash Reserve Fund are available on the TEXSTAR website at [www.texstar.org](http://www.texstar.org).
13. **Policy on Holding Deposits in Cash.** To respond to unusual market conditions in a prudent manner, TexSTAR may be required to hold all or most of its total assets in cash, including for the purpose of assuring sufficient liquidity or due to the lack of eligible securities, among other circumstances. This may result in a lower yield and prevent the Fund portfolio from meeting all its investment objectives.
14. **Co-Administrators.** J.P. Morgan Investment Management Inc. (JPMIM) and Hilltop Securities Inc. (“HTS”) serve as Co-Administrators for TexSTAR under a contract that may be extended periodically to a term of two years or less. JPMIM provides investment management services and HTS provides participant and marketing services for TexSTAR. JPMIM is an investment adviser registered under the Investment Advisers Act of 1940, as amended, and a subsidiary of JPMorgan Chase & Co. HTS is a registered broker dealer, member of the Financial Industry Regulatory Authority (“FINRA”), Municipal Securities Rulemaking Board (“MSRB”) and Securities Investor Protection Corporation (“SIPC”). The parent company of HTS is Hilltop Holdings Inc.

The Co-Administrators may be replaced by the Board for cause and they may resign. Unless their replacements are affiliates, any replacements must be approved by Participants owning two-thirds of the units in TexSTAR.

Custodial, fund accounting and depository services for TexSTAR are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. JPMorgan Chase Bank, N.A. is the principal banking affiliate of JPMorgan Chase & Co. Transfer agency services are provided by DST Asset Manager Solutions, Inc. (DST). Each of JPMIM, HTS, DST, and JPMorgan Chase Bank, N.A. may provide certain services, including those described herein, through the use of subcontractors or delegates.

## Understanding the Risks Associated with Investing in TEXSTAR

Unlike money market mutual funds which are registered with the Securities and Exchange Commission, TexSTAR operates in compliance with the PFIA and not with Rule 2a-7 of the Investment Company Act of 1940.

Before making an investment decision, each Participant should consider the applicable risks, including the following, in determining whether any investment, including TEXSTAR, is appropriate:

- **Credit Risk.** Credit risk is the possibility that the issuer of a security will fail to make timely payments of interest or principal. In general, the lower the credit quality of a security, the higher the yield and the higher the element of credit risk, all other factors being equal. In an attempt to minimize credit risk, the TEXSTAR investment policy allows investment of the TEXSTAR Cash Reserve Fund only in the obligations described above.

The credit risk associated with investments in direct obligations of the United States is considered low by most authoritative sources. Obligations issued or guaranteed by many Federal agencies or government-sponsored enterprises are not direct obligations of the United States and offer more varied credit risk. Noting that the United States government is not obligated to provide support or guarantees to its instrumentalities, TEXSTAR's investment manager will invest in obligations issued by an agency or instrumentality only after conducting appropriate credit risk analysis and believing that any credit risk with respect to the issuer is minimal.

TEXSTAR's investment manager will also invest in repurchase agreements and reverse repurchase agreements documented by a Master Repurchase Agreement in form approved by The Securities Industry and Financial Market Association ("SIFMA") and collateralized by cash or obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States and its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation. Repurchase agreement and reverse repurchase agreement transactions will be placed with an approved primary government securities dealers or financial institutions doing business in the State of Texas, and proceeds received under reverse repurchase agreements will be reinvested in securities with the same maturity as the term of the reverse agreement.

TexSTAR will invest only in those money market mutual funds which limit their investments to obligations of the United States, its agencies and/or instrumentalities or repurchase agreements collateralized by such obligations. TexSTAR's investment manager will invest in money market mutual funds only after conducting appropriate credit risk analysis with respect to each issuer. To the extent TexSTAR invests in money market mutual funds, TexSTAR Participants will bear a proportionate share of both TexSTAR's fees and expenses and those of the money market mutual fund.

- **Market Risk.** Market risk is the potential for a decline in market value generally due to, but not limited exclusively to, rising interest rates. For example, a bond or other security issued or backed by the United States government is guaranteed only as to



the timely payment of interest and principal; its market price on any given day is not guaranteed and will fluctuate in value as market perceptions, market conditions and interest rates change. In general, the market value of a bond varies inversely with interest rates. If interest rates rise, then market values fall. If interest rates fall, then market values rise. Also, the volatility and related market values typically fluctuate more for longer-term securities than for shorter-term securities.

Restrictions on dollar weighted average maturity and maximum stated maturity for the Fund are used in an attempt to minimize certain market risks. TexSTAR's investment manager will maintain the dollar weighted average maturity of the Fund at sixty (60) days or less, and the maximum stated maturity for any obligation of the United States, its agencies or instrumentalities in the TexSTAR Cash Reserve Fund portfolio is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR will seek to maintain a stable \$1.00 net asset value (NAV) per unit (rounded to the nearest whole cent). The Co-Administrators have policies and procedures in place to monitor the Fund's NAV. These limitations are designed to attempt to minimize market risk. It must be noted that the value of the TexSTAR Cash Reserve Fund portfolio is dependent on timely receipt of principal and interest payments from the issuers of the respective investment securities. Any delays or failures in receipt of payments can and will have detrimental effects on the value of the Fund's portfolio and may cause loss of principal and interest to any Participant.

## Administration of TEXSTAR

- **TEXSTAR Board.** By executing and submitting an application to open an account, a Participant designates the Board as its agent for investing deposited funds. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TEXSTAR.

The business and affairs of TEXSTAR are managed by the Board in accordance with its bylaws (the "*Bylaws*"). The Bylaws set forth procedures governing the selection of, and action taken by, the Board. Board oversight of TEXSTAR is maintained through various reporting requirements.

The Bylaws provide for a five-member Board consisting of three representatives of Participants and one member employed by each co-administrator or an affiliate. Board members serve for staggered three-year terms. Replacement Board members (other than the co-administrator representatives) are appointed by the Board or may be elected by the Participants in accordance with the Bylaws. Board members serve without compensation but are entitled to reimbursement of reasonable out-of-pocket expenses incurred in the performance of Board duties. The names, terms, and affiliations of Board members are listed on the TEXSTAR website.

- **Investment Management.** TEXSTAR's Board has adopted (and will review and revise at least annually) a list of brokers that are authorized to engage in investment transactions with TEXSTAR.



A qualified representative of TexSTAR's investment manager must certify that the investment manager has received and reviewed the TexSTAR Investment Policy and the investment manager has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the TexSTAR Investment Policy, except to the extent that this authorization requires interpretation of subjective investment standards.

The investment manager may dispose of securities without regard to the time they have been held when such actions, for defensive or other Fund management reasons, appear advisable. Investments may be sold by one Fund to another Fund at prevailing market prices.

All securities purchased on behalf of TexSTAR must be delivered versus payment to the custodian bank for TexSTAR. All book entry securities, whether purchased outright or under repurchase agreements, shall be held in a custodial account at the Federal Reserve Bank. All securities not held in book entry form shall be held by the Custodian or its agent. Third party institutions must issue original safekeeping receipts to the Custodian. The Custodian shall keep accurate records reflecting TexSTAR's ownership of the securities. Money market fund accounts must be in the name of TexSTAR.

- **Ratings.** In compliance with Section 2256.016(h) of the Public Funds Investment Act, TEXSTAR will operate to maintain a AAA, AAA-m or equivalent rating for the Fund from at least one nationally recognized rating agency. As of the date hereof, the Fund was rated AAAm by Standard and Poor's Rating Service. An explanation of the significance of such rating may be obtained from Standard & Poor's at 1221 Avenue of the Americas, New York, New York 10020. Promptly upon notice, TEXSTAR will post on its website any change to the Fund's rating.
- **Determination of Net Income and Net Asset Values.** The net interest income of the Fund shall be determined each business day, and consists of (i) the sum of (a) interest accrued, (b) discount earned (including both original issue and market discount), and (c) realized capital gains (amortized over a period not to exceed 30 days) less (ii) the sum of (a) amortization of premium, (b) the estimated expenses of the Fund applicable to that distribution period, and (c) realized capital losses (amortized over a period not to exceed 30 days). All net income of the Fund so determined is declared as earnings to Participants each day. Earnings accrue throughout the month and are distributed as of the close of business on the last business day of the month. On the first business day of the following month, the earnings are reinvested as additional Units at the current Net Asset Value (expected to be \$1.00), unless the Participant has elected to have them paid out. If the entire balance in an account is withdrawn during the month, the accrued distributions will be paid on or before the first business day of the following month.

The Net Asset Value per Unit of the Fund is calculated each business day by adding the amortized book value of the Fund's securities and other assets, deducting accrued expenses and arrearages, and dividing by the number of Units outstanding. The result of this computation will be rounded to the nearest whole cent.

- **Valuation of TexSTAR Assets.** The objective of the TexSTAR Cash Reserve Fund is to maintain a stable value of \$1.00 per unit (rounded to the nearest whole cent).

Although all securities in the Fund are marked to market daily using the fair value method, amortized cost, which generally approximates the market value of securities, is utilized. The Board, in its discretion, may elect to cease utilizing amortized accounting and to commence utilizing the fair value method at any time. To the extent that the Board elects to utilize a net asset value per share determined by using available market quotations in lieu of amortized accounting, the Fund will reflect market fluctuations and any unrealized gains and losses resulting from those fluctuations on a daily basis.

If, upon a daily calculation, the investment manager finds that the deviation between the amortized cost and market-determined values or the deviation between market-determined values and \$1.00 per unit of the Fund's assets exceeds \$0.0030, it shall promptly notify the Board. In the event that the deviation of market-determined values from amortized cost or \$1.00 per unit exceeds \$0.0040, the Board shall direct the investment manager to take such action, if any, as it determines is necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing Participants. Notwithstanding the foregoing, absent contrary instructions from the Board, the investment manager shall cause the subject investments to be sold promptly to attempt to bring the deviation back within the desired value band. However, the \$1.00 per unit value is not guaranteed or insured by TexSTAR or the co-administrators. There can be no assurance that the Fund will maintain a stable net asset value of \$1.00.

- **Ethics and Conflicts of Interest.** Each Co-Administrator is required to maintain a code of ethics which requires its employees working with TexSTAR to place the interests of TexSTAR before their personal interests and to avoid any actual or potential conflicts of interest. Each Co-Administrator must promptly report any material non-compliance with such requirements to the Board.

JPMIM acts as a fiduciary when providing investment management services to TexSTAR. JPMIM may order the purchase of investments from either itself, HTS, or their affiliates only on terms and conditions approved by a majority of the Participant members of the Board.

JPMIM has provided the following disclosures concerning its practices:

JPMIM and/or its affiliates ("JPMorgan Chase") perform investment services, including rendering investment advice, to varied clients. JPMIM, JPMorgan Chase and its or their directors, officers, agents, and/or employees may render similar or differing investment advisory services to clients and may give advice or exercise investment responsibility and take such other action with respect to any of their other clients that differs from the advice given or the timing or nature of action taken with respect to another client or group of clients. It is JPMIM's policy, to the extent practicable, to allocate, within its reasonable discretion, investment opportunities among clients over a period of time on a fair and equitable basis. One or more of JPMIM's other client accounts may at any time hold, acquire, increase, decrease, dispose, or otherwise deal with positions in investments in which another client account may have an interest from time-to-time.

JPMIM, JPMorgan Chase, and any of its or their directors, partners, officers, agents or employees, may also buy, sell, or trade securities for their own accounts or the

proprietary accounts of JPMIM and/or JPMorgan Chase. JPMIM and/or JPMorgan Chase, within their discretion, may make different investment decisions and other actions with respect to their own proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. Further, JPMIM is not required to purchase or sell for any client account securities that it, JPMorgan Chase, and any of its or their employees, principals, or agents may purchase or sell for their own accounts or the proprietary accounts of JPMIM, or JPMorgan Chase or its clients.

JPMIM and its related persons may recommend securities to clients that JPMIM and its related persons may also purchase or sell. As a result, positions taken by JPMIM and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken for clients of JPMIM. As these situations may involve potential conflicts of interest, JPMIM has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, JPMIM has implemented monitoring systems designed to ensure compliance with these policies and procedures.

- **Fees and Expenses.** In return for contracted service, TEXSTAR has agreed to pay service fees to the co-administrators and custodian totaling 12 basis points per year, calculated daily on the total fund balances. The co-administrators may, but are not obligated to, waive all or a portion of their fees at their discretion at any time. The current management fee assessed is 6 basis points. The service fees cover all normal services provided to the Board by the co-administrators, the custodian and the transfer agent. Additional expenses required to attain TEXSTAR objectives and conduct on-going operations will be incurred by TEXSTAR. These include expenses for independent auditors, legal representation, liability insurance, board meeting attendance, and ratings.

The TEXSTAR service fee and other expenses are deducted from the gross interest earnings daily and charged monthly. There is no direct reduction to the Participant's principal account related to the payment of fees and expenses, but only the remaining net income after deduction of the applicable fees and expenses is credited to the Participant's account. All TEXSTAR rates are quoted net of fees and expenses. There are no hidden costs or additional reductions to Participants' accounts. In the event a Fund does not earn adequate interest income and profits to cover allocable expenses and fees for a given month or period, the deficit will be carried over to future months or periods when adequate income and profits have been received.

- **Liability.** TEXSTAR directors and officers will not be liable for (and TEXSTAR earnings may be applied to indemnify them against) loss and liability that may arise

from or in connection with any of their acts or omissions, including acts and omissions caused by their negligence, to the extent permitted by law.

## Participation in TEXSTAR

Participation in TEXSTAR is limited to eligible governmental entities that have authorized, executed, and submitted an application to participate in TEXSTAR.

- **Eligibility to Invest.** Only eligible local governments and agencies of the State of Texas may become Participants. Eligible local governments include any municipality, school district, county, special district, junior college district, or other legally constituted political subdivision of the State or a combination of political subdivisions (e.g., a combination by means of an interlocal agreement). Eligible state agencies generally include any office, department, commission, board or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.
- **Establishment of Accounts.** To participate in TEXSTAR, an eligible local government or state agency must duly authorize, complete, execute, and submit an application for participation. By executing and submitting an application, a Participant agrees to the terms and conditions governing TEXSTAR as well as its Bylaws, Investment Policy, and Operating Procedures. Application forms (including forms of authorizing resolutions) may be obtained from TEXSTAR Participant Services. In their applications, Participants must designate authorized representatives who have authority to transfer funds for investment, to withdraw funds, to issue letters of instructions, and to take all other actions necessary or appropriate for the investment of funds in TEXSTAR. A Participant must also provide a separate bank information sheet for each account and sub-account, signed by two authorized Participant representatives unless otherwise permitted by the Operating Procedures. The Operating Procedures describe in detail the procedures required for the establishment of account(s), deposits to and withdrawals from TEXSTAR, and related information. A copy of the Operating Procedures may be obtained from TEXSTAR Participant Services.
- **Amendments.** The Board may amend the TEXSTAR terms and conditions, Bylaws, Investment Policy, and Operating Procedures. It must give Participants at least 30 days advance notice of each amendment. Participants are deemed to have accepted the amendments unless they withdraw from TEXSTAR before the amendments are effective.

## Summary of Operating Procedures

Deposits to and withdrawals from TEXSTAR may be made by wire transfer or automated clearinghouse (ACH) transfer according to established operating procedures. Excerpts from the current Operating Procedures are provided below.

- **Wire Transfers.** Wire transfer requests will be executed on the same day as initiated if requested in accordance with the daily transaction deadlines for the pool.

TEXSTAR must be notified of any wire transaction requests by **4:00 p.m. CST** if using the pool's internet transaction system or by **3:30 p.m. CST** when contacting a Participant Services Representative. All incoming wire deposits must be received by **4:00 p.m. CST**, to earn interest for that day. In addition, any wire deposits received after **4:00 p.m. CST** will not be invested until the following business day. Outgoing wire transfers from TEXSTAR received by the transfer agent by 10:30 a.m. are typically sent for processing between 12:00 noon and 12:30 p.m. central time. Some delay may occur, depending on unforeseen circumstances, including, but not limited to, delays or failures unrelated to TEXSTAR.

TEXSTAR reserves the right to suspend the right of withdrawal or to postpone the date of payment in the event that the Federal Reserve is closed other than for customary weekend and holiday closings, in the event of a general suspension of trading in any securities market which affects TEXSTAR operations, or if, in the opinion of the Board, an emergency exists so that the disposal of TEXSTAR's securities or determination of its net asset value is not reasonably practical.

TEXSTAR will process deposits and withdrawal requests only on the days the Federal Reserve is open for business. TEXSTAR may also be closed or have limited trading hours on any Friday preceding or Monday following a weekend, which includes a national holiday provided that notice has been given to Participants at least 30 days prior to such a day, or whenever The Bond Market Association recommends that markets for fixed income securities close.

- **Automated Clearing House (“ACH”) Transfers.** ACH transaction requests will be executed on the business day following the date the transaction was initiated if requested in accordance with the daily transaction deadlines for the pool. TEXSTAR must be notified of any next day ACH transaction requests by **4:00 p.m. CST** if using the pool's internet transaction system or by **3:30 p.m. CST** when contacting a Participant Services Representative for all ACH transfer activity, one day prior to the actual settlement of the funds. ACH transfer withdrawals are sent in accordance with the prearranged Participant information as provided on the bank information sheet corresponding to that specific TEXSTAR account or subaccount. In the event of an ACH rejection, TEXSTAR will contact the Participant to confirm the rejection. TEXSTAR will credit/debit the Participant's account accordingly.
- **Account to Account Transfers.** Funds may be transferred between TexSTAR accounts in the same Fund without transferring the money to the Participant's local bank. Transactions transferring funds between accounts will be executed as of the close of business on the same day as initiated, if received by the deadline. TexSTAR must be notified of any same day interaccount transaction activity by **4:00 p.m. CST** if using the pool's internet transaction system or by **3:30 p.m. CST** when contacting a Participant Services Representative.
- **Methods of Notification.** Participants may notify TEXSTAR of wire transfer or ACH activity by:
  - a. Internet access system; or
  - b. Verbal notification to a TEXSTAR Participant Services representative followed by a fax confirmation.

- **Reports.** A Participant's monthly statement will be mailed within the first five (5) business days of the respective succeeding month. The monthly statement will include a detailed listing of the balance in the Participant's accounts as of the date of the statement; all account activity for the previous month, including deposits and withdrawals; daily and monthly yield information; and any special fees and expenses charged to the Participant. Additionally, copies of the Participant's reports will be maintained and made available for a minimum of three prior TEXSTAR fiscal years in either physical or electronic form.

A complete copy of the TEXSTAR Operating Procedures may be obtained by contacting TEXSTAR Participant Services.

**March 2020**