Marin County Investment Pool

Full Rating Report

Ratings

Security Class	Current Ratings
Marin County Investment Pool	AAA/V1

Key Rating Drivers

High-Quality Credit Portfolio: The Marin County Investment Pool invests primarily in U.S. government obligations and registered money market funds rated ‘AAAmmf’ by Fitch Ratings or equivalent. The pool also currently invests a small amount in both money market funds and the Local Agency Investment Fund (LAIF), a local government investment pool (LGIP) managed by California’s Pooled Money Investment Board.

Active Liquidity Management: The maturity profile of the pool is managed to meet anticipated cash flow needs of the pool’s participants. By its investment policy, the pool seeks to maintain adequate cash on hand to meet cash disbursements and payroll through maturing investments. Cash flow projections are an integral part of the overall cash management responsibilities of the pool administrator.

Predictable Cash Flows: The pool employs a cash flow-matching investment strategy to structure investment maturities to coincide with conservative expectations of draws on the portfolio. Marin County Investment Pool has historically benefited from highly predictable cash outflow needs of the pool’s participants, the majority of which are captive in nature. The pool’s anticipated redemptions include payroll and benefit payments, accounts payable, debt services and other planned expenditures.

Appropriate Management and Oversight: Portfolio oversight and operational controls are consistent with the assigned ratings. The pool is organized and invested in accordance with the state of California Government Code Section 53600 and Section 53639 and is not registered under federal law.

Rating Sensitivities

Changes in Portfolio Composition: The ratings may be sensitive to material changes in the composition, credit quality or liquidity profile of the portfolio. A materially adverse deviation from Fitch’s guidelines for any key rating driver could cause ratings to be lowered. For example, a material decrease in portfolio credit quality could result in the fund credit ratings being lowered, while a material increase in portfolio duration could result in fund volatility ratings being lowered.

Changes in U.S. Financial Condition: Given the fund's investment mandate of investing primarily in U.S. government agency securities, the ratings may also be sensitive to materially adverse changes in the U.S. government's financial condition and that of the broader U.S. economy.

Changes in Pool Participants: The current rating reflects the pool management’s ability forecast the cash flow needs of poll participants and structure the portfolio to meet those needs. Changes to the composition of participants or significant changes in the cash needs of participants that would result in a material decline in the ability of pool management to adequately forecast future cash flow needs may result in negative rating pressure.

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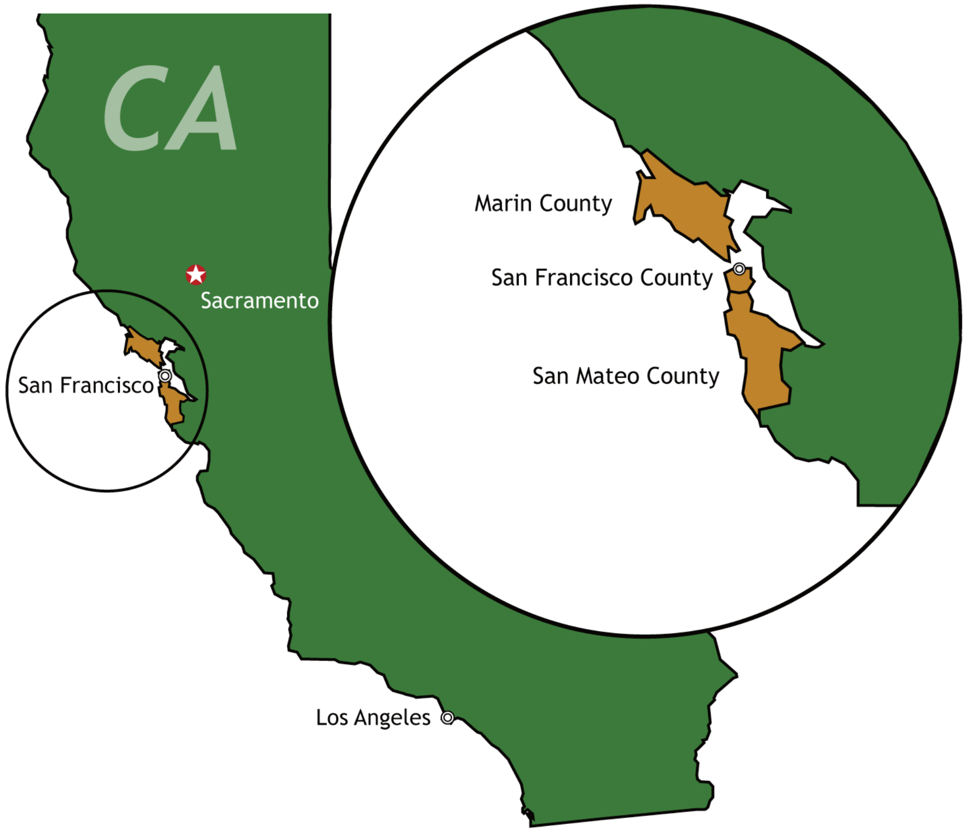
Marin County Investment Pool



Rating Rationale

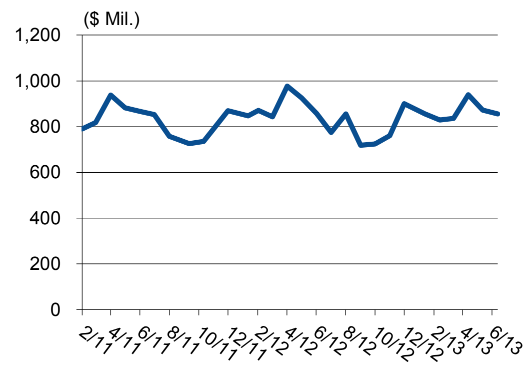
Marin County Investment Pool is rated ‘AAA/V1’ by Fitch, reflecting the high credit quality of portfolio assets and the low sensitivity to market risk.

Pools with ‘AAA’ fund credit ratings meet specific credit quality standards for portfolio assets while maintaining appropriate portfolio diversification and demonstrating appropriate investment management and operational capabilities. The ‘AAA’ fund credit rating reflects investment portfolio’s lowest vulnerability to losses as a result of defaults in its bond holdings and is based on the actual and prospective average credit quality of the portfolio’s investments.

The ‘V1’ fund volatility rating reflects the lowest relative sensitivity of the investment portfolio’s net asset value to assumed changes in credit spreads and interest rates, as well as certain other market risk parameters.

Fitch’s evaluation of the pool’s investment portfolio also considers the management and operational capabilities of Marin County director of finance and the legal and regulatory framework under which the pool operates. Portfolio valuation reports are submitted to Fitch on a monthly basis. As of June 30, 2013, the pool had approximately $821 million in assets under management.

Assets Under Management



Source: Marin County Treasurer.

Related Criteria

Global Bond Fund Rating Criteria (August 2012)

Organizational Overview

The county of Marin is located in Northern California. The Marin County Investment Pool is managed by the Marin County director of finance on behalf of the pool participants. Participants are defined as: Marin County; Marin public school agencies; Marin Community College; the Marin County office of education; districts under the control of the county board of supervisors; autonomous/independent districts, whose treasurer is the Marin County Director of Finance; and any other districts or agencies approved by the board of supervisors and the county treasurer, using Marin County as their fiscal agent.

Roy Given, Marin County's director of finance, has overall responsibility for overseeing the pool's investments and operations. The pool's investment policies are reviewed periodically by the treasury oversight committee, consisting of representatives from Marin County, the superintendent of schools' office and school and special districts.

The pool is subject to quarterly external audits by the county of Sonoma's auditor's office. In addition, the pool is also subject to an annual external financial audit performed by an independent certified public accounting firm. Wells Fargo Institutional Trust Services, a unit of Wells Fargo Bank, N.A. (AA−/F1+\), acts as the safekeeping agent and custodian for the pool's assets. There are daily and monthly reconciliations of records with the custodian.

Pool's Objectives and Investment Practices

The pool's primary investment objective is preservation of capital. The secondary objective is to maintain sufficient liquidity to enable participants to meet their operating requirements. The tertiary objective of the pool is to obtain a rate of return consistent with the first two objectives.

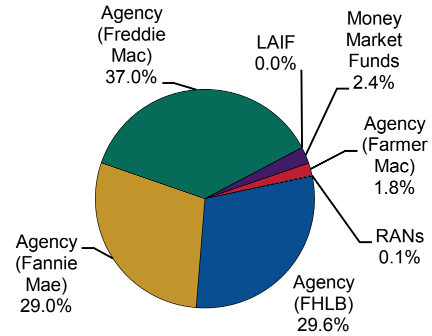
The pool seeks to pursue its investment objectives by investing in a diversified portfolio of high-quality debt securities rated at least 'A/F1' by Fitch or equivalent. Permitted investments include U.S. Treasury and government agency securities and state of California bonds, as well as registered warrants, bankers' acceptances, commercial paper, negotiable certificates of deposit, time deposits, medium-term notes, shares of money market funds, repurchase agreements, and LAIF. Under the pool's investment policies, the use of reverse repurchase agreements or securities lending programs is not permitted. Additionally, in accordance with Marin County's Nuclear Free Zone Ordinance No. 3502 Measure A, the county is prohibited from investing in securities or other obligations of any corporation or business entity that is a nuclear weapons contractor.

Asset Credit Quality

As of June 28, 2013, approximately 97.4% of the portfolio was invested in U.S. government agency securities, 2.4% in money market funds, 0.1% in revenue anticipation notes (RANs) and 0.03% in LAIF. According to the pool's investment policy, eligible money market instruments must be rated at least 'A/F1' by Fitch or equivalent, except for LAIF, which is not rated.

The pool restricts concentrations in any one issuer (other than the U.S. government and its agencies) to a maximum of 5% of total assets to minimize single-issuer exposure. Repurchase agreements are entered into only with

Portfolio Composition
(As of June 28, 2013)



RANs – Revenue anticipation notes. LAIF – Local Agency Investment Fund. Note: Numbers may not add to 100% due to rounding. Source: Marin County Treasurer.

counterparties rated at least ‘A/F1’ by Fitch or equivalent and are 102% collateralized by U.S. government securities. As of June 30, 2013, the pool did not have any investments in repurchase agreements.

LAIF is a LGIP with assets under management of $21 billion as of June 30, 2013. LAIF’s assets are not comingled with the state’s moneys or in any way available for state use. Fitch does not rate LAIF; however, Fitch views it as being managed in a manner generally consistent with other Fitch-rated LGIPs operating in the state of California in terms of asset credit quality, issuer diversification, investor diversification and liquidity management. As of July 31, 2012, Marin County Investment Pool had a total of $235,665, or 0.03% of its assets, in LAIF.

Fitch generally views investments in LAIF by other rated entities of less than or equal to 15% as consistent with ‘AAA/V1’ ratings, particularly if such investments serve as the sole or primary source of overnight liquidity. Higher levels of exposure to LAIF may be viewed as consistent with ‘AAA/V1’ ratings, provided such additional investment does not serve as the sole or primary source of the portfolio’s overnight liquidity.

Weighted Average Rating Factor

Based on the portfolio credit quality and maturity profile as of June 30, 2013, Fitch calculated the weighted average (WA) rating factor of the pool to be consistent with an ‘AAA’ fund credit rating. This analysis includes a reduction of the credit factors for securities in the portfolio maturing within 13 months in recognition of the lower default probability of such securities relative to longer dated securities. As of June 30, 2013, securities maturing in 13 months or less of their stated maturities represented approximately 87.0% of the portfolio.

Rating Distribution and Minimum Ratings

In evaluating LGIPs, Fitch also considers the portfolio’s minimum asset ratings, as well as the extent to which the portfolio may undertake a bar-belled investment strategy. As of June 30, 2013, the portfolio consisted of long-term assets rated ‘AAA’, short-term assets rated at least ‘F1’ by Fitch or equivalent and the minimal investments in LAIF. The high credit quality and absence of a bar-belled investment strategy are viewed as consistent with the ‘AAA’ fund credit rating assigned to the portfolio.

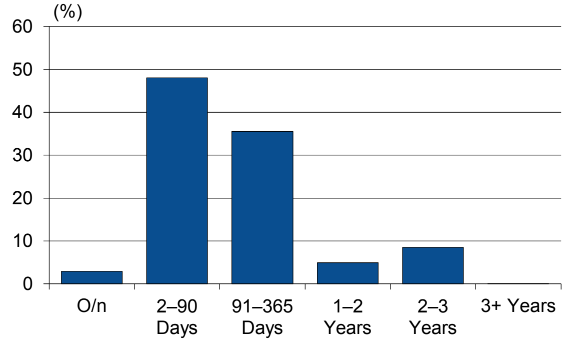
Diversification

The pool is mainly invested in U.S. government agency securities, which are viewed the highest credit quality and liquid holdings. As of June 30, 2013, the portfolio held 36.9% of its total assets in securities issued by Freddie Mac, 29.0% in securities issued by Fannie Mae, and 29.6% in securities issued by the Federal Home Loan Bank (FHLB).

Liquidity Management

The pool has daily access to its investments in money market funds and LAIF to meet daily withdrawal requirements and cash outflows, amounting to 2.95% of the portfolios assets. As of June 30, 2013, approximately 25% of the portfolio’s assets had a maturity of 30 days or less. In addition, the pool maintains a significant position in U.S. government agency securities, which are expected to demonstrate secondary market liquidity even during periods of market stress.

Maturity Profile
(As of June 28, 2013)

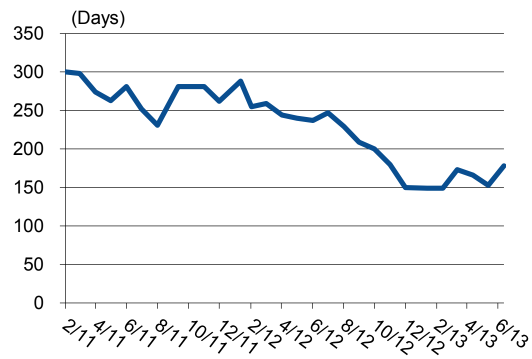


Source: Source: Marin County Treasurer.

To meet liquidity targets and minimize exposure to interest rate changes, the pool uses a laddered investment strategy across a short maturity spectrum. The pool also employs a cash flow-matching investment strategy to structure investment maturities to coincide with conservative expectations of draws on the portfolio. Marin County Investment Pool has historically benefited from highly predictable cash outflow needs of the pool's participants. The stability of cash flow projections is based on the pool's composition, as approximately 87% of participants are captive in nature and thereby required to maintain funds in the county pool. The pool's anticipated redemptions include payroll and benefit payments, accounts payable, debt services and other planned expenditures.

Furthermore, no withdrawals from the pool can be made for the purposes of investing those funds outside the pool without prior approval of the Marin County director of finance. An approval can be given as long as such a withdrawal does not negatively affect the interests of other participants. A notice of withdrawal is required to be made in writing at least 10 days prior to the proposed withdrawal date. A notice of withdrawal in writing of at least five business days is required for withdrawals in excess of $250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

WAM to Final Maturity (WAMf)



Source: Source: Marin County Treasurer.

The WA maturity to reset date (WAMr) of securities held in the portfolio was approximately 178 days as of June 30, 2013, down from 237 in June of 2012. WAMr is a measure of a portfolio's sensitivity to changing interest rates. As of the same date, approximately 86% of the pool's total assets were invested in securities with maturities of one year or less.

By investment policy, the pool must maintain an average maturity of less than 18 months and is not allowed to purchase securities with maturities greater than two years. However, the treasurer may authorize the purchase of U.S. government agency obligations with final maturities of five years or less.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.