

# MONTHLY FINANCIAL REPORT

## PERFORMANCE SUMMARY

May 2016

	Current Month	Year to Date	Chart
<b>GENERAL FUND</b>			
Total Revenues as a % of Budget Compared to Prior Year	N/A	POSITIVE	A
Total Expenditures as a % Budget Compared to Prior Year	N/A	NEUTRAL	B
Property Tax Collection Analysis	NEGATIVE	NEUTRAL	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	NEGATIVE	NEGATIVE	E
<b>ENTERPRISE FUND</b>			
Water Billing Analysis	NEGATIVE	NEUTRAL	F
Sewer Billing Analysis	NEGATIVE	NEUTRAL	G
Expense Analysis	NEGATIVE	NEUTRAL	H
<b>HOTEL OCCUPANCY TAX REVENUE</b>			
Hotel Tax Revenue Analysis (most recent quarter)	N/A	N/A	I
Hotel Tax Revenue Analysis (quarterly comparison for year)	N/A	N/A	J
<b>SEDC</b>			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	J
Expenditure Analysis	POSITIVE	POSITIVE	K
<b>CRIME DISTRICT</b>			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	L
Expenditure Analysis	NEGATIVE	POSITIVE	M
<b>INVESTMENTS</b>			
Investment Report	N/A	N/A	N

**PERFORMANCE INDICATORS:**

<b>POSITIVE</b>
<b>NEGATIVE</b>
<b>NEUTRAL</b>

Positive = Positive variance as compared to seasonal trend.

Negative = Negative variance as compared to seasonal trend.

Neutral = Variance is less than 1%

# GENERAL FUND



CHART A

## TOTAL REVENUE THROUGH MAY 2016

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,358,162	4,295,009	98.55%	97.51%
Penalties & Interest	40,000	23,656	59.14%	62.43%
Sales Tax	1,600,000	1,194,356	74.65%	80.54%
Franchise Tax	725,000	560,372	77.29%	72.30%
Other Tax	150,000	79,085	52.72%	42.37%
License & Permits	225,000	89,754	39.89%	67.56%
Charges for Services	56,000	21,743	38.83%	33.50%
DOT Fines	30,000	53,602	178.67%	35.74%
Other Municipal Court Fees	369,100	277,837	75.27%	65.64%
Interest Income	750	12,785	1704.62%	41.23%
Intergovernmental	368,184	333,751	90.65%	61.26%
Other Revenue	32,500	39,875	122.69%	43.63%
Transfers from Enterprise Fund	1,756,685	1,171,124	66.67%	66.67%
Payment for Services-EDC	<u>200,000</u>	<u>133,333</u>	<u>66.67%</u>	<u>66.67%</u>
<b>Total Revenues</b>	<b>9,911,381</b>	<b>8,286,282</b>	<b>83.60%</b>	<b>78.16%</b>

\$1,600,000 unbudgeted payment from PHA not included for comparison purposes

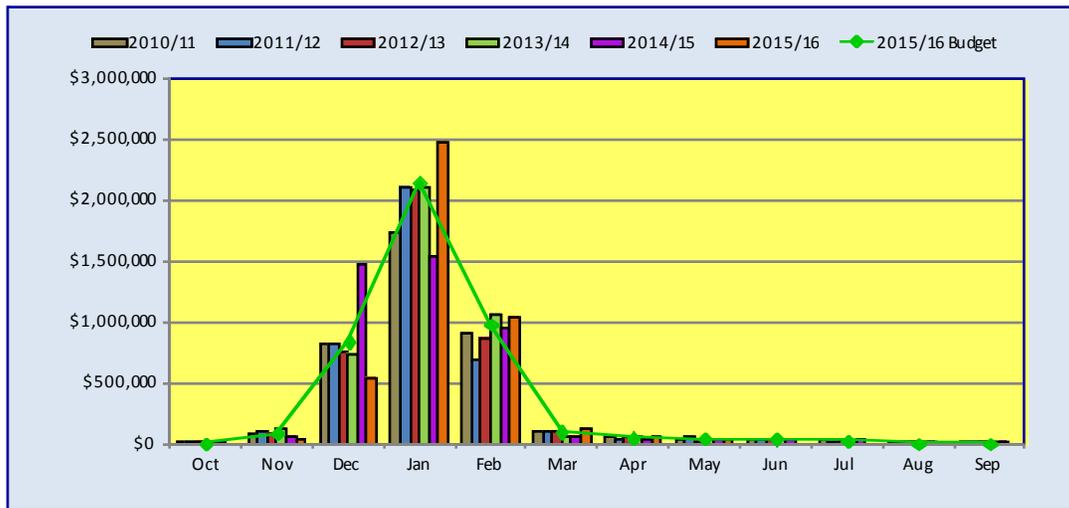
CHART B

## TOTAL EXPENDITURES THROUGH MAY 2016

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,576,490	4,319,436	65.68%	65.95%
Supplies	314,240	156,092	49.67%	62.19%
Services	2,652,709	1,768,835	66.68%	65.85%
Capital	247,680	292,795	118.21%	63.06%
Oper Transfer to Other Funds	0	0	0.00%	0.00%
<b>Total Expenditures</b>	<b>9,791,119</b>	<b>6,537,158</b>	<b>66.77%</b>	<b>65.71%</b>

CHART C

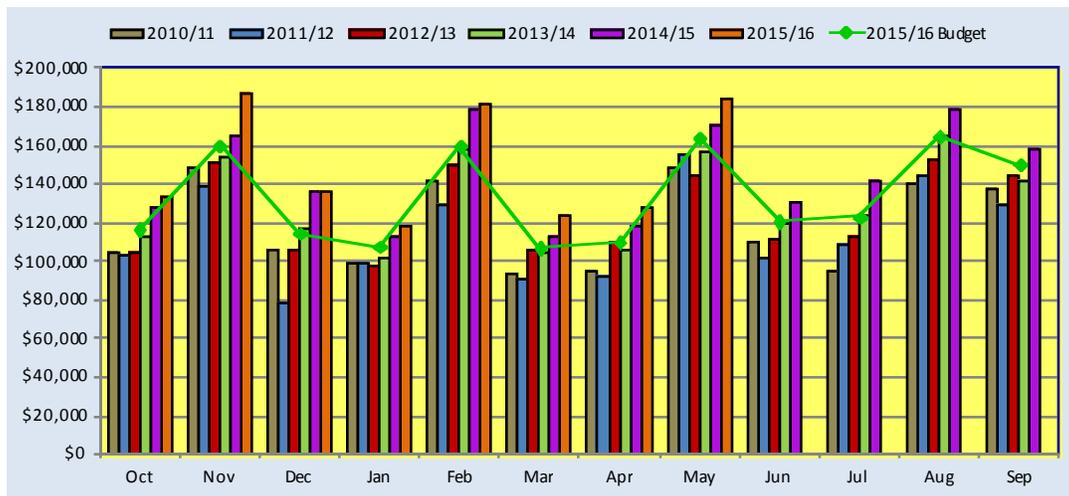
PROPERTY TAX ANALYSIS



Budget is divided into months based on the monthly percentages of the last 5 years' collections.  
 2014/15 December collections were higher than the trend but were offset by lower collections in January

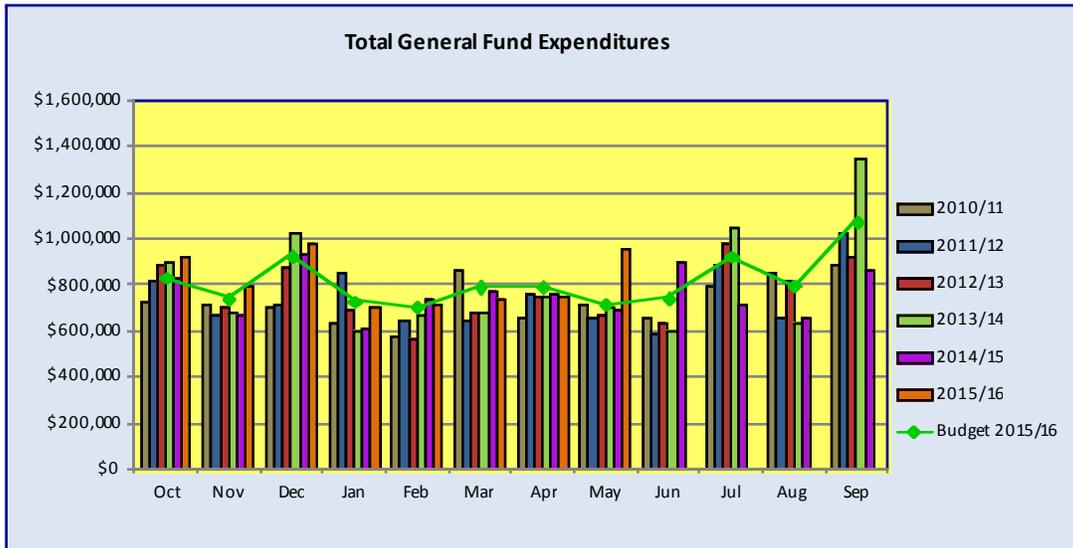
CHART D

SALES TAX ANALYSIS



2013/14 Budget is divided into months based on the monthly percentages of the last 5 years' activity of sales tax revenue.

EXPENDITURE ANALYSIS



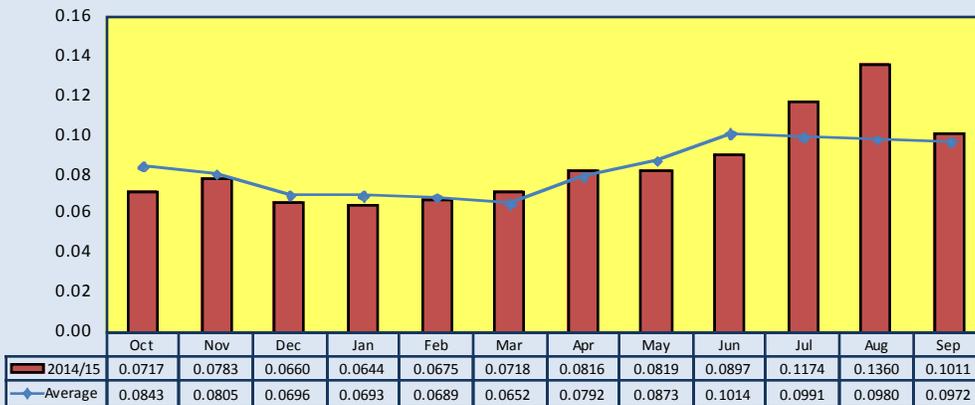
High expenditures in September 2010 are due to city hall A/C replacement.  
 High expenditures in September 2014 are due to Seascapes road construction



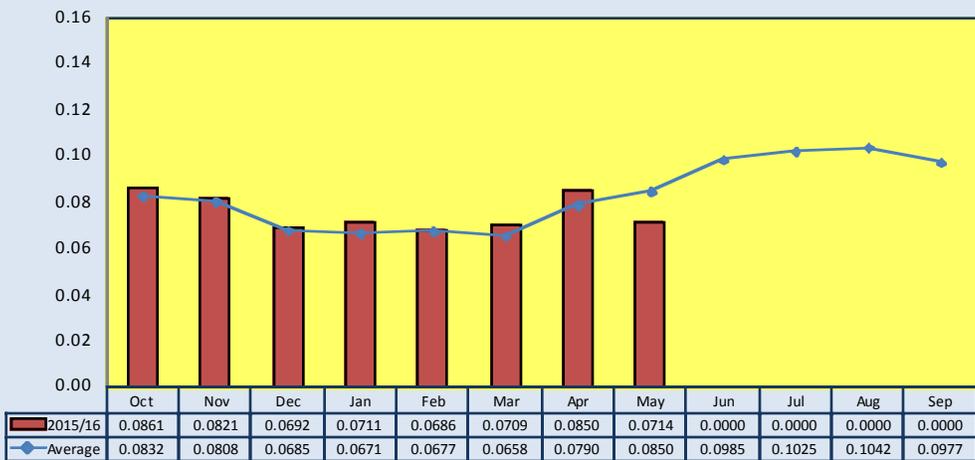
CHART F

WATER BILLING ANALYSIS

Average Percent of Water Billings by Month vs.  
2014/15 Percent of Budgeted Billings

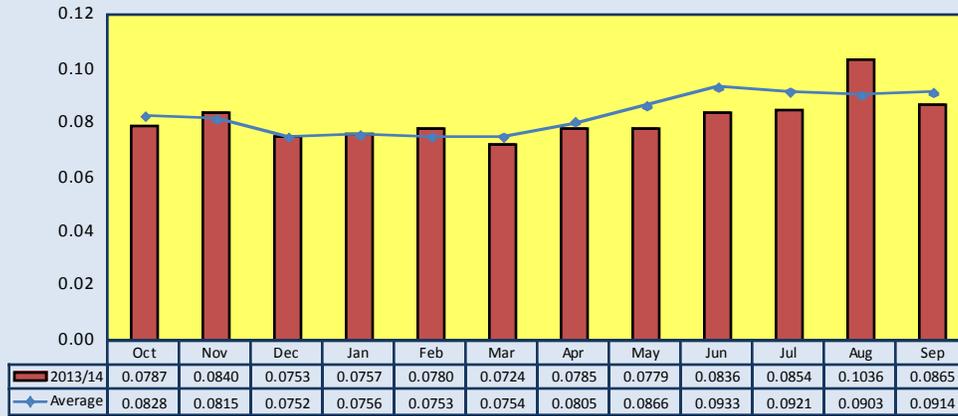


Average Percent of Water Billings by Month vs.  
2015/16 Percent of Budgeted Billings

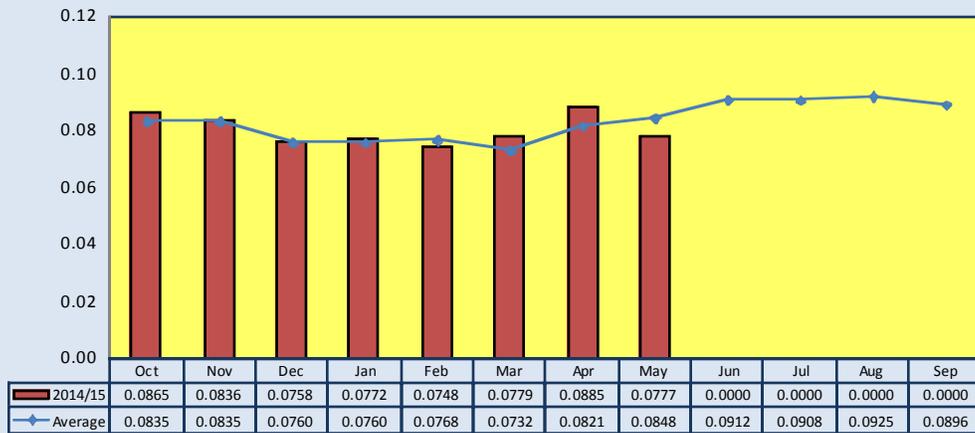


WASTEWATER BILLING ANALYSIS

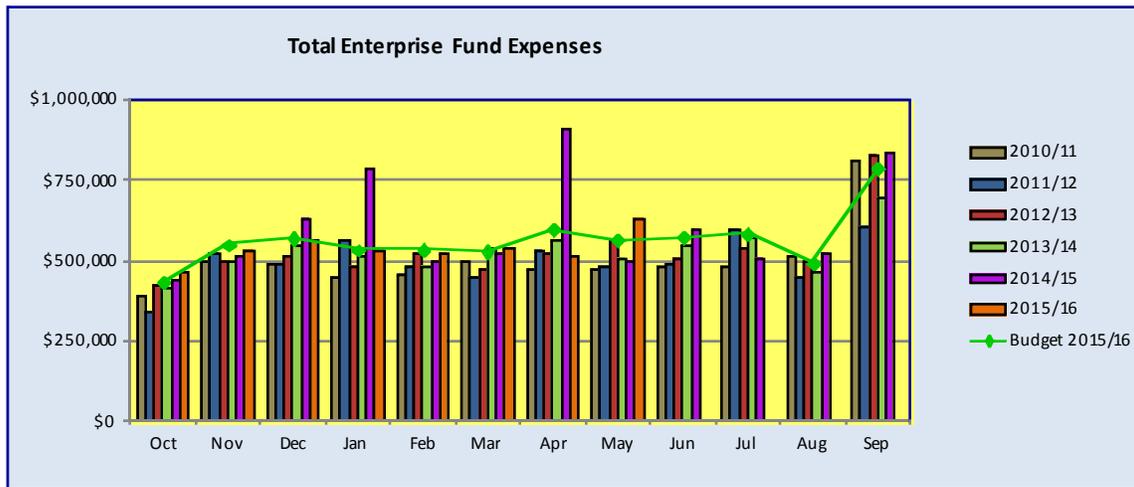
**Average Percent of Wastewater Billings by Month vs. 2014/15 Percent of Budgeted Billings**



**Average Percent of Wastewater Billings by Month vs. 2015/16 Percent of Budgeted Billings**



EXPENDITURE ANALYSIS



Sept 2013 and Nov 2013 EXCLUDE property acquisition

December 2014 & January 2015 expenses much higher than budgeted due to Lakeside lift station repairs

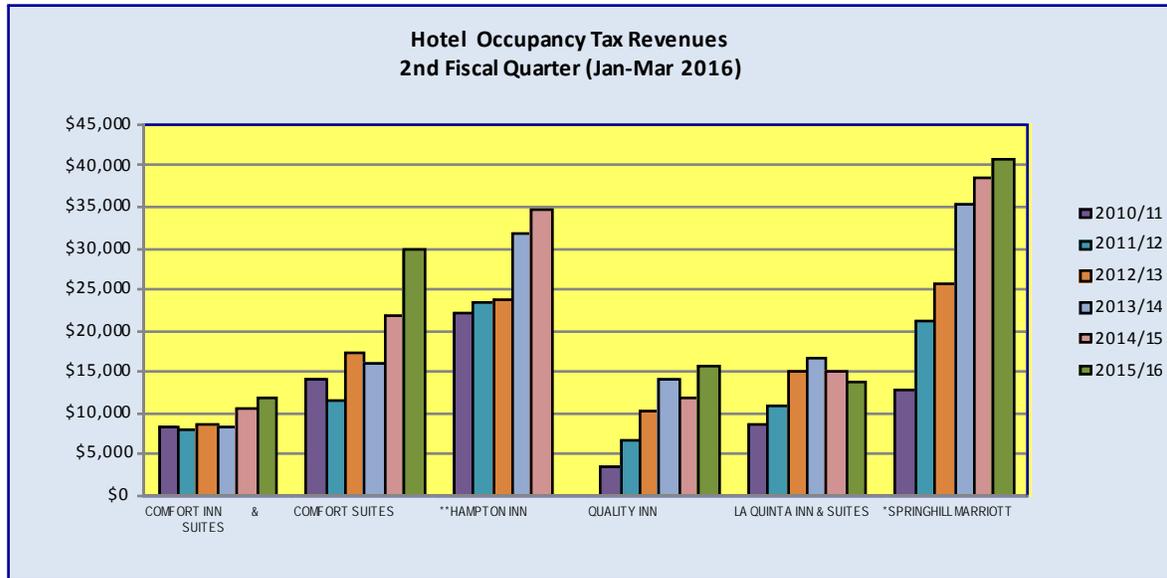
April 2015 expenses due to wastewater treatment plant upgrades

# HOTEL TAX FUND



CHART I

## HOTEL TAX REVENUE ANALYSIS

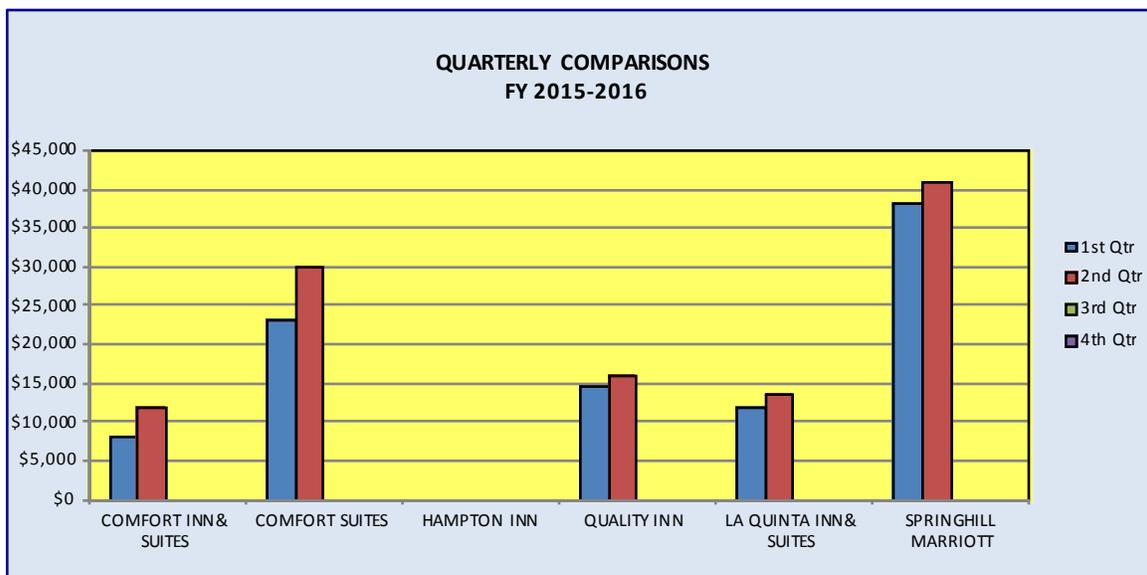


\*Springhill Marriott opened last quarter 2010

\*\* Hampton Inn closed 3rd quarter 2015 due to fire

CHART J

## HOTEL TAX REVENUE



\*\* Hampton Inn closed 3rd quarter 2015 due to fire



CHART K

## SALES TAX REVENUE ANALYSIS

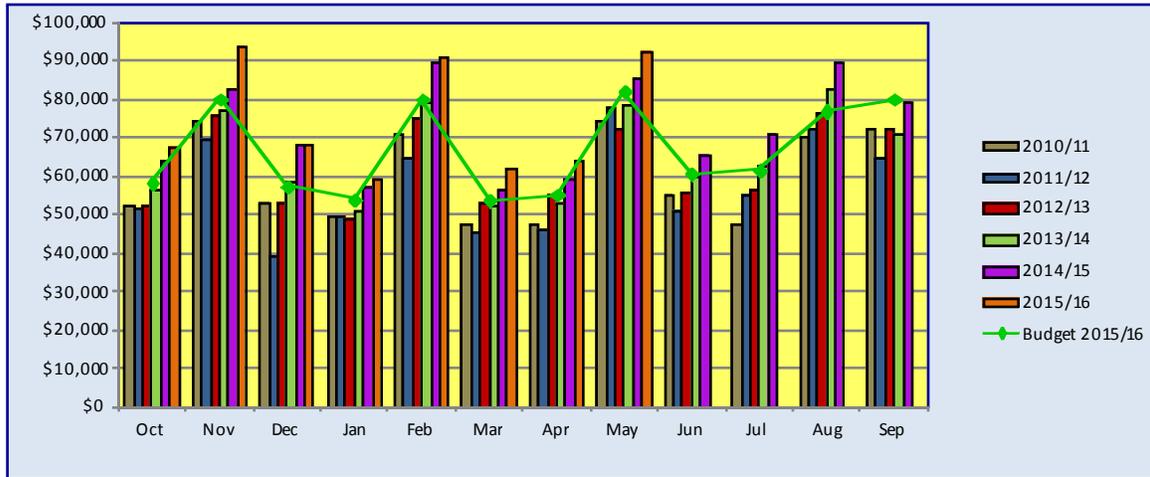
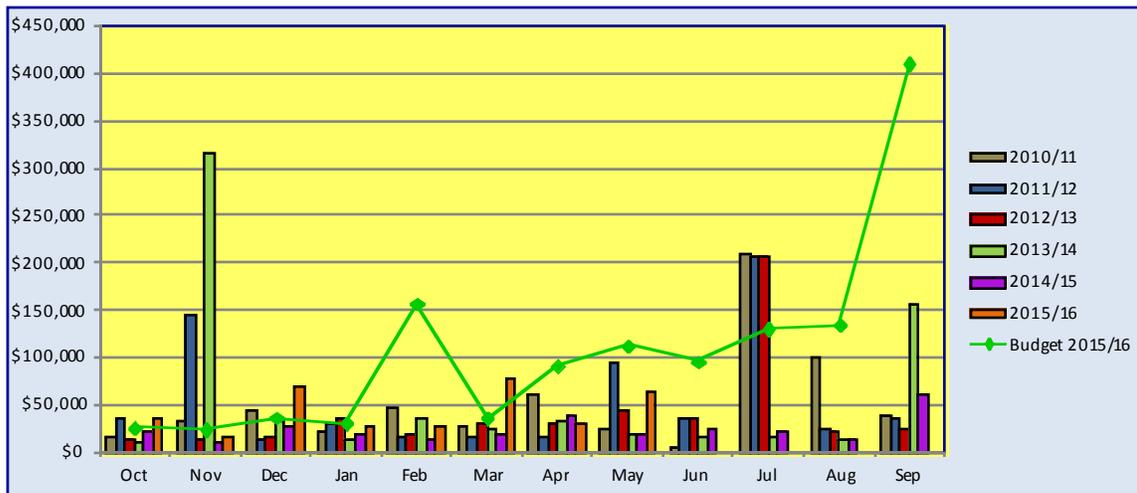


CHART L

## EXPENDITURE ANALYSIS



2015/16 September budget reflects appropriations for incentives and Business relocation off HWY 146  
 High exp in Nov 2011 was due to Gateway sign. High exp Nov 2014 was for the waterfront project July expenditures prior to 2013/14 included debt service payments.

# CRIME DISTRICT



CHART M

## SALES TAX REVENUE ANALYSIS

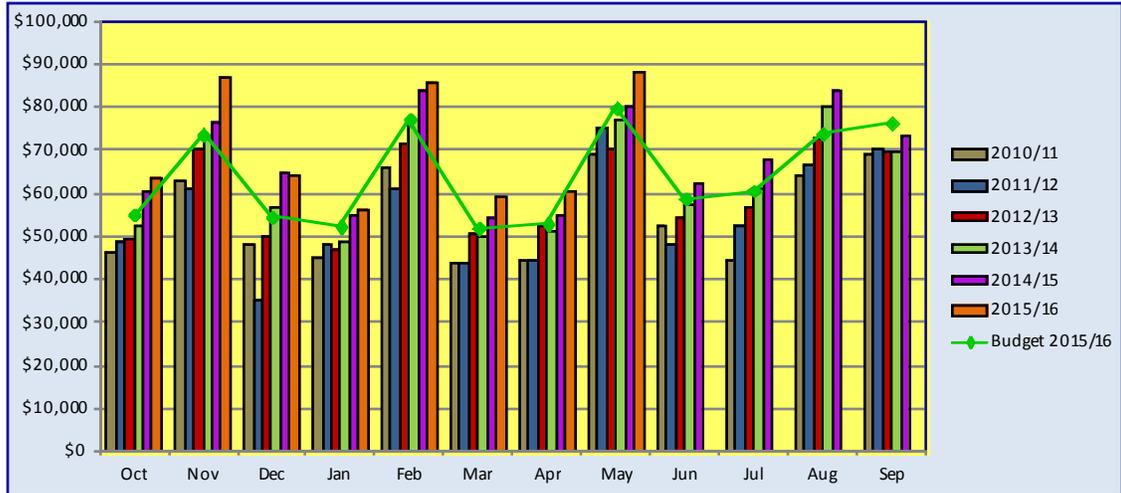
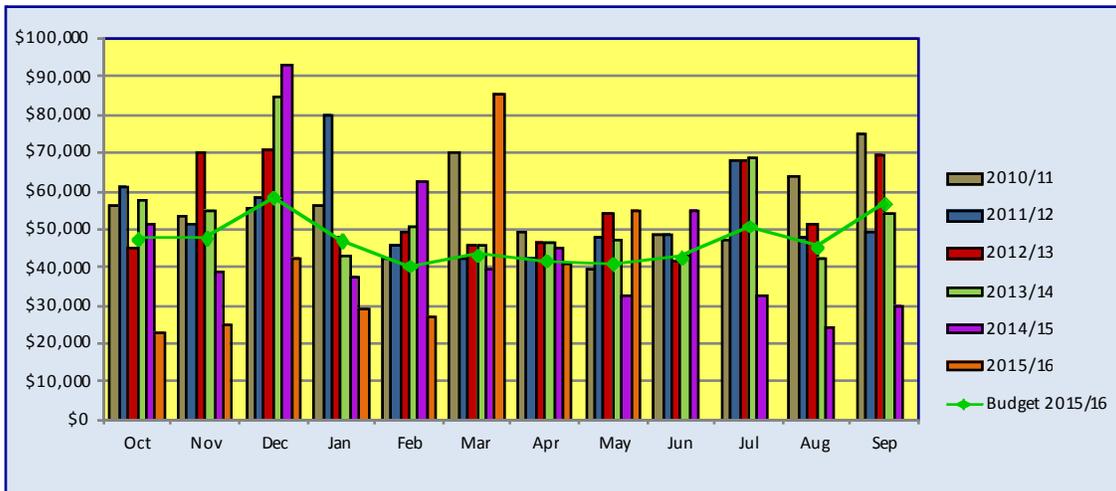


CHART N

## EXPENDITURE ANALYSIS



Large December expenditures included vehicles. March 2016 includes reallocation of personnel expense.

# INVESTMENTS



CHART O

## MONTHLY INVESTMENT REPORT

### TEXPOOL REPORT

MONTH OF MAY 2016  
0.3380%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted May)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	7,175,786.55	(301,165.50)	2,475.41	6,877,096.46	Working capital
GENERAL FUND - RESTRICTED	1,600,000.00	0.00	incl in above	1,600,000.00	
ENTERPRISE FUND - UNRESTRIC	1,995,779.13	(16,652.64)	619.03	1,979,745.52	Working capital
ENTERPRISE FUND - RESTRICTE	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,470,335.36	0.00	713.05	2,471,048.41	Water & sewer lines extensions & expansions
PARK FEES	110,471.06	2,764.00	32.48	113,267.54	Reserved for acquisition & development of park land
SEIZURE	70,135.66	0.00	20.24	70,155.90	Solely to purchase equipment for Law Enforcement
CHILD SAFETY PROGRAMS	32,185.90	0.00	9.29	32,195.19	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	15,034.86	0.00	4.34	15,039.20	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	1,249,780.04	(923.89)	360.48	1,249,216.63	Restricted for promotion of tourism
DEBT SERVICE FUND	3,322,391.55	14,271.50	959.13	3,337,622.18	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	2,759,612.77	0.00	796.56	2,760,409.33	Funds transferred from Bond Mkt Acct to allow liquidity
IT BONDS	72,589.75	0.00	20.95	72,610.70	Fiber Optics
PD & GF BONDS	6,579,566.97	0.00	1,899.17	6,581,466.14	Public Wokrks Facility
FIRE BONDS	23,616.64	0.00	6.82	23,623.46	Fire Engine
PARK BONDS	80,345.90	(80,345.90)	22.45	22.45	Splash Pad
LIBRARY BONDS	70.65	0.00	0.02	70.67	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	158,202.04	(30,000.00)	45.39	128,247.43	
CAROTHERS	85,453.77	0.00	24.67	85,478.44	
CRIME DISTRICT	829,867.55	(4,133.31)	238.40	825,972.64	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - UNRESTRICTED	2,933,261.05	4,994.75	901.03	2,939,156.83	Seabrook Economic Development Corporation II
SEDC II - RESTRICT FOR EMERG	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	70,590.92	0.00	20.38	70,611.30	
PUBLIC SAFETY	213,637.69	0.00	61.67	213,699.36	
MUNI COURT - SECURITY FUND	21,702.89	2,139.38	6.43	23,848.70	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	14,966.69	0.00	4.32	14,971.01	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	6,357.60	0.00	1.84	6,359.44	
PEG Fund	79,705.90	9,051.61	25.38	88,782.89	
STABILIZATION FUND	803,061.14	0.00	231.80	803,292.94	
<b>TOTAL TEXPOOL FUND</b>	<b>33,254,510.03</b>	<b>(400,000.00)</b>	<b>9,500.73</b>	<b>\$32,864,010.76</b>	

The investment portfolio of the City of Seabrook is in compliance with the investment strategies expressed in the City's Investment Policy and relevant provisions of Chapter 2256 of the Local Government Code.

*Pam Lab*

Finance Director



# Monthly Newsletter: June 2016

## ANNOUNCEMENTS

We would like to recognize and welcome the following entities who joined the TexPool program in May 2016:

### TexPool

Harris County MUD 344  
City of Buda 4B Corporation

### TexPool Prime

Aransas County  
Westchase District  
Williamson County District Attorney

### Upcoming Events

6/15/16 - 6/17/16  
TASBO Summer Conference  
Irving

6/22/16 - 6/24/16  
TACCBO Conference  
Horseshoe Bay

6/23/16 - 6/26/16  
AWED Conference  
Fort Worth

### TexPool Advisory Board Members

Jose Elizondo, Jr.	Vivian Wood
Georgia Sanchez	Jerry Dale
Patrick Krishock	Sharon Matthews
Michele Tuttle	David Landeros

Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegar.

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

For more information visit [www.texpool.com](http://www.texpool.com).

## Economic and Market Commentary: Fed stays close to the vest; money funds show their cards

June 1, 2016

Mind the Federal Reserve. The market is finally doing so with Brexit, remembering that it is the D.C. Metro that leads to what's important, not the London tube. Those obsessed with the possibility Britain will leave the European Union are realizing the Fed may not be. It's led to a remarkable swing in sentiment, with the market moving from as low as a 5% probability that the Fed will raise rates in June to now around about five times that, and more than 50% probability for a move in July. The shift started midmonth with the release of the April 27 Federal Open Market Committee (FOMC) minutes. These revealed more discussion about a hike than did the original, vague statement. A parade of Fed officials followed, seeming to prepare the market for action, even though the next meeting brushes up against the Brexit vote. The last was Chair Janet Yellen's pre-Memorial Day weekend remarks that a hike could be "appropriate in the coming months."

A hike in summer is a position we have taken for some time, primarily because we take the Fed at its word that it looks at the long development of data and not daily or weekly volatility. Domestic economic statistics have been good: not anything wonderful, but not anything terrible. The Fed likes steady, if slight, improvement. Although inflation at the producer level is still low, core Consumer Price Index came in around 2%, personal

(continued page 6)

### Performance as of May 31, 2016

	TexPool	TexPool Prime
Current Invested Balance	\$15,052,629,357.24	\$2,107,741,201.77
Weighted Average Maturity**	45 Days	40 Days
Weighted Average Life**	80 Days	51 Days
Net Asset Value	1.00006	1.00021
Total Number of Participants	2,359	204
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$4,517,379.68	\$989,660.39
Management Fee Collected	\$603,944.19	\$86,852.66
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$15,667,869,815.97	\$2,197,652,899.14
Average Monthly Rate*	0.34%	0.53%
Average Weighted Average Maturity**	42 Days	42 Days
Average Weighted Average Life**	78 Days	54 Days

\* This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.  
\*\* See page 2 for definitions.

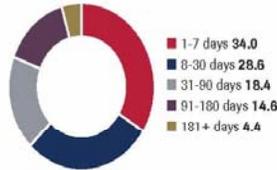
TexPool Participant Services  
1001 Texas Avenue, Suite 1400 • Houston, TX 77002  
Phone: 1-866-TEXPOOL (839-7665) • Fax: 1-866-839-3291 • [TexPool.com](http://www.texpool.com)

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G35884-24 (6/16)



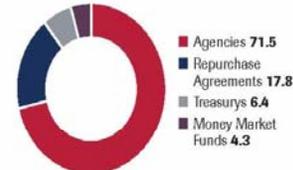
### Portfolio by Maturity (%)

As of May 31, 2016



### Portfolio by Type of Investment (%)

As of May 31, 2016



#### Portfolio Asset Summary as of May 31, 2016

	Book Value	Market Value
Uninvested Balance	-2,644.50	-2,644.50
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	5,638,192.47	5,638,192.47
Interest and Management Fees Payable	-4,517,376.99	-4,517,376.99
Payable for Investments Purchased	-449,469,924.92	-449,469,924.92
Accrued Expenses & Taxes	-18,186.84	-18,186.84
Repurchase Agreements	2,763,245,000.00	2,763,177,925.00
Mutual Fund Investments	670,022,103.88	670,022,103.88
Government Securities	9,619,384,836.02	9,620,101,879.82
US Treasury Bills	0.00	0.00
US Treasury Notes	2,448,347,358.12	2,448,568,100.71
<b>Total</b>	<b>\$15,052,629,357.24</b>	<b>\$15,053,500,068.63</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

#### Participant Summary

	Number of Participants	Balance
School District	575	\$4,563,187,440.85
Higher Education	57	\$1,292,978,179.72
Healthcare	81	\$613,133,677.38
Utility District	739	\$2,197,632,963.86
City	454	\$3,808,527,779.10
County	180	\$1,308,921,088.75
Other	273	\$1,967,736,565.55

#### \*\*Definition of Weighted Average Maturity and Weighted Average Life

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.

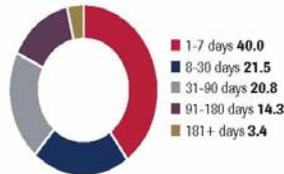


Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
5/1	0.3167%	0.000008677	\$15,707,635,919.87	1.00012	38	75
5/2	0.3119%	0.000008545	\$15,762,352,639.44	1.00016	36	72
5/3	0.3317%	0.000009087	\$15,756,381,373.52	1.00016	38	72
5/4	0.3337%	0.000009143	\$15,752,950,218.45	1.00015	38	73
5/5	0.2912%	0.000007977	\$15,681,811,539.11	1.00015	38	73
5/6	0.3392%	0.000009292	\$15,644,809,590.28	1.00016	44	79
5/7	0.3392%	0.000009292	\$15,644,809,590.28	1.00016	44	79
5/8	0.3392%	0.000009292	\$15,644,809,590.28	1.00016	44	79
5/9	0.4302%	0.000011787	\$15,630,461,788.76	1.00016	43	78
5/10	0.3405%	0.000009328	\$15,905,074,076.96	1.00015	44	78
5/11	0.3424%	0.000009380	\$15,630,049,404.91	1.00015	44	81
5/12	0.3437%	0.000009416	\$15,623,351,556.75	1.00015	44	81
5/13	0.3404%	0.000009327	\$15,729,826,205.04	1.00012	43	80
5/14	0.3404%	0.000009327	\$15,729,826,205.04	1.00012	43	80
5/15	0.3404%	0.000009327	\$15,729,826,205.04	1.00012	43	80
5/16	0.3426%	0.000009386	\$15,725,196,899.56	1.00013	41	77
5/17	0.3409%	0.000009341	\$15,807,551,064.91	1.00012	42	77
5/18	0.3419%	0.000009366	\$15,765,662,778.16	1.00011	43	80
5/19	0.3370%	0.000009234	\$15,924,764,330.35	1.00009	42	79
5/20	0.3385%	0.000009274	\$15,646,983,596.12	1.00006	43	80
5/21	0.3385%	0.000009274	\$15,646,983,596.12	1.00006	43	80
5/22	0.3385%	0.000009274	\$15,646,983,596.12	1.00006	43	80
5/23	0.3361%	0.000009209	\$15,864,713,794.84	1.00006	41	77
5/24	0.3399%	0.000009312	\$15,806,799,360.22	1.00008	42	77
5/25	0.3414%	0.000009354	\$15,842,870,359.17	1.00005	42	78
5/26	0.3441%	0.000009427	\$15,628,405,361.66	1.00007	42	78
5/27	0.3444%	0.000009435	\$15,442,636,849.22	1.00007	44	80
5/28	0.3444%	0.000009435	\$15,442,636,849.22	1.00007	44	80
5/29	0.3444%	0.000009435	\$15,442,636,849.22	1.00007	44	80
5/30	0.3444%	0.000009435	\$15,442,636,849.22	1.00007	44	80
5/31	0.3380%	0.000009260	\$15,052,629,357.24	1.00006	45	80
<b>Average:</b>	<b>0.3399%</b>	<b>0.000009311</b>	<b>\$15,667,869,915.97</b>	<b>1.00011</b>	<b>42</b>	<b>78</b>

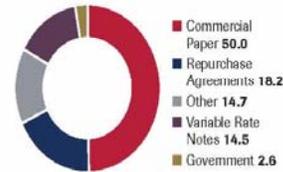


## TEXPOOL PRIME

### Portfolio by Maturity (%) As of May 31, 2016



### Portfolio by Type of Investment (%) As of May 31, 2016



#### Portfolio Asset Summary as of May 31, 2016

	Book Value	Market Value
Uninvested Balance	2,806.33	2,806.33
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	426,189.59	426,189.59
Interest and Management Fees Payable	-988,659.43	-988,659.43
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-2,765.54	-2,765.54
Repurchase Agreements	393,368,000.00	393,368,000.00
Commercial Paper	1,055,460,798.52	1,055,735,300.42
Bank Instruments	55,041,521.60	55,061,145.00
Mutual Fund Investments	309,018,802.03	309,018,802.03
Government Securities	0.00	0.00
Variable Rate Notes	305,415,508.67	305,554,700.00
<b>Total</b>	<b>\$2,107,741,201.77</b>	<b>\$2,108,174,518.40</b>

*Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.*

#### Participant Summary

	Number of Participants	Balance
School District	86	\$1,237,329,054.66
Higher Education	9	\$180,079,972.82
Healthcare	10	\$34,401,040.53
Utility District	8	\$101,356,319.36
City	42	\$246,115,753.29
County	25	\$175,261,851.24
Other	24	\$153,195,283.48



## TEXPOOL *PRIME*

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
5/1	0.5200%	0.000014246	\$2,241,475,890.45	1.00016	39	53
5/2	0.5351%	0.000014659	\$2,249,474,219.03	1.00018	38	51
5/3	0.5206%	0.000014263	\$2,245,507,554.29	1.00019	40	54
5/4	0.5285%	0.000014480	\$2,255,269,532.32	1.00018	41	55
5/5	0.5212%	0.000014280	\$2,254,295,616.55	1.00018	43	55
5/6	0.5228%	0.000014324	\$2,231,947,354.83	1.00017	43	56
5/7	0.5228%	0.000014324	\$2,231,947,354.83	1.00017	43	56
5/8	0.5228%	0.000014324	\$2,231,947,354.83	1.00017	43	56
5/9	0.5283%	0.000014475	\$2,222,482,810.87	1.00019	41	54
5/10	0.5306%	0.000014536	\$2,223,787,560.81	1.00019	42	54
5/11	0.5260%	0.000014411	\$2,215,155,219.18	1.00019	42	54
5/12	0.5348%	0.000014653	\$2,191,929,886.16	1.00019	43	55
5/13	0.5279%	0.000014463	\$2,234,238,404.00	1.00017	43	55
5/14	0.5279%	0.000014463	\$2,234,238,404.00	1.00017	43	55
5/15	0.5279%	0.000014463	\$2,234,238,404.00	1.00017	43	55
5/16	0.5333%	0.000014611	\$2,214,328,806.89	1.00020	41	53
5/17	0.5285%	0.000014479	\$2,209,708,234.81	1.00020	41	53
5/18	0.5356%	0.000014675	\$2,209,167,042.81	1.00019	42	54
5/19	0.5233%	0.000014337	\$2,201,604,536.80	1.00019	42	53
5/20	0.5245%	0.000014369	\$2,193,666,641.63	1.00018	42	54
5/21	0.5245%	0.000014369	\$2,193,666,641.63	1.00018	42	54
5/22	0.5245%	0.000014369	\$2,193,666,641.63	1.00018	42	54
5/23	0.5308%	0.000014543	\$2,168,402,758.35	1.00020	40	52
5/24	0.5478%	0.000015009	\$2,138,944,683.28	1.00020	40	52
5/25	0.5424%	0.000014860	\$2,133,370,709.17	1.00021	43	54
5/26	0.5400%	0.000014795	\$2,144,295,006.37	1.00021	43	53
5/27	0.5370%	0.000014712	\$2,130,185,340.55	1.00019	44	54
5/28	0.5370%	0.000014712	\$2,130,185,340.55	1.00019	44	54
5/29	0.5370%	0.000014712	\$2,130,185,340.55	1.00019	44	54
5/30	0.5370%	0.000014712	\$2,130,185,340.55	1.00019	44	54
5/31	0.5422%	0.000014855	\$2,107,741,201.77	1.00021	40	51
<b>Average:</b>	<b>0.5304%</b>	<b>0.000014532</b>	<b>\$2,197,652,899.14</b>	<b>1.00019</b>	<b>42</b>	<b>54</b>

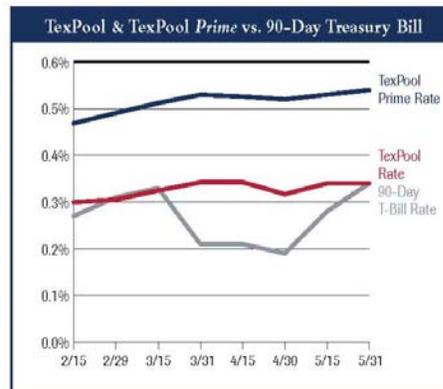


Participant Services  
1001 Texas Ave. 14th Floor  
Houston, TX 77002

consumption expenditures and retail sales are robust, the labor and housing markets remain strong and even manufacturing has been healing. We don't think Brexit matters to policymakers as much as the improving statistics, and a "leave" vote wouldn't be that big of an influence anyway because it will take years to implement all the changes that would entail.

As for the volatility in early 2016 that many (far fewer now) saw as spawned by the Fed's lifting rates off zero, it wasn't the end of the world. The market lived through it. I think policymakers have good cover at this point for a hike. The data released in the next few weeks ahead of the June 15 FOMC meeting would have to be bad to push it later.

In the meantime, we continue to see good returns for prime portfolios. The spread between prime and government portfolios is about 22 basis points across the industry versus a historic average of about 12-13 basis points. This performance has caused some cash managers to hold off moving investments from prime products to govies and it might keep them from ever transferring a substantial portion of their cash. In addition, the London interbank offered rate is still ticking up, if slowly. Investors in prime portfolios are enjoying the yield spread for now. As to their feelings nearer to the Oct. 14 implementation of the new SEC money fund rules, no one knows for sure. But even as the industry endures many operational changes, much money spent and general stress, it might just be that cash managers keep calm and carry on.



*90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.*

*Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.*