



# MONTHLY FINANCIAL REPORT

## PERFORMANCE SUMMARY

August 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	POSITIVE	B
Property Tax Collection Analysis	POSITIVE	POSITIVE	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	NEGATIVE	NEGATIVE	E
<b>ENTERPRISE FUND</b>			
Water Billing Analysis	POSITIVE	NEUTRAL	F
Sewer Billing Analysis	POSITIVE	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	POSITIVE	POSITIVE	M
<b>INVESTMENTS</b>			
Investment Report	N/A	N/A	N

**PERFORMANCE INDICATORS:**

<b>POSITIVE</b>	Positive = Positive variance as compared to seasonal trend.
<b>NEGATIVE</b>	Negative = Negative variance as compared to seasonal trend.
<b>NEUTRAL</b>	Neutral = Variance is less than 1%

# GENERAL FUND



## CHART A TOTAL REVENUE THROUGH AUGUST 2016

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,358,162	4,375,647	100.40%	99.47%
Penalties & Interest	40,000	35,426	88.57%	90.56%
Sales Tax	1,600,000	1,674,618	104.66%	100.00%
Franchise Tax	725,000	750,841	103.56%	96.44%
Other Tax	150,000	139,347	92.90%	70.81%
License & Permits	225,000	151,851	67.49%	94.96%
Charges for Services	56,000	60,980	108.89%	92.37%
DOT Fines	30,000	85,420	284.73%	82.90%
Other Municipal Court Fees	369,100	392,985	106.47%	90.69%
Interest Income	750	20,203	2693.72%	83.64%
Intergovernmental	368,184	421,297	114.43%	90.67%
Other Revenue	32,500	48,815	150.20%	100.20%
Transfers from Enterprise Fund	1,756,685	1,610,296	91.67%	91.67%
Payment for Services-EDC	200,000	183,333	91.67%	91.67%
<b>Total Revenues</b>	<b>9,911,381</b>	<b>9,951,059</b>	<b>100.40%</b>	<b>94.76%</b>

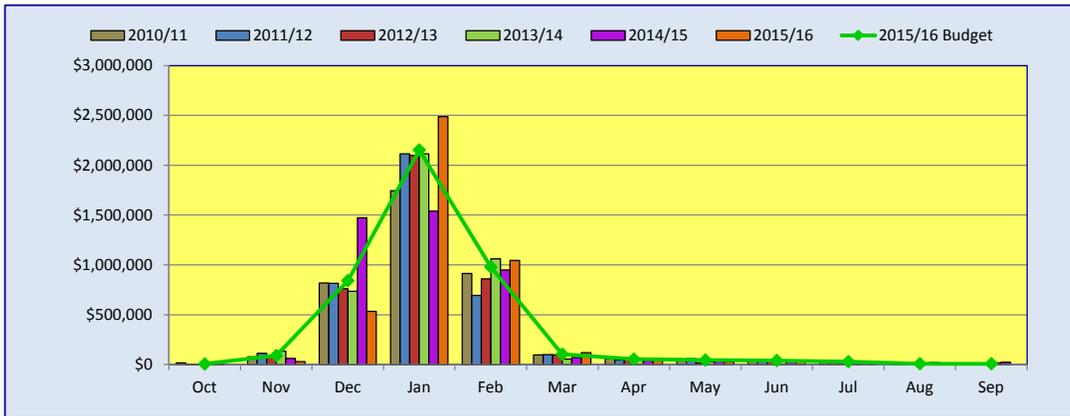
\$1,600,000 unbudgeted payment from PHA not included for comparison purposes

## CHART B TOTAL EXPENDITURES THROUGH AUGUST 2016

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,576,490	5,845,184	88.88%	92.38%
Supplies	314,240	211,350	67.26%	85.76%
Services	2,652,709	2,394,353	90.26%	87.99%
Capital	247,680	348,832	140.84%	79.33%
<b>Total Expenditures</b>	<b>9,791,119</b>	<b>8,799,718</b>	<b>89.87%</b>	<b>90.58%</b>

CHART C

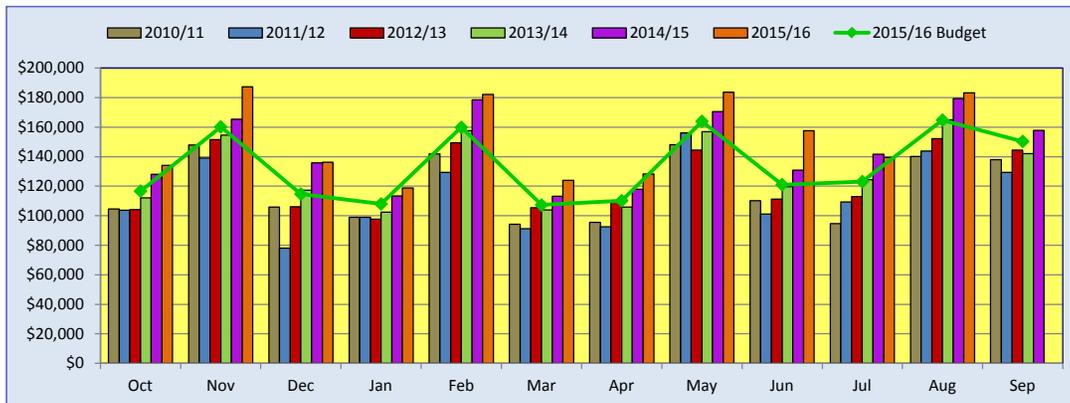
PROPERTY TAX ANALYSIS



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

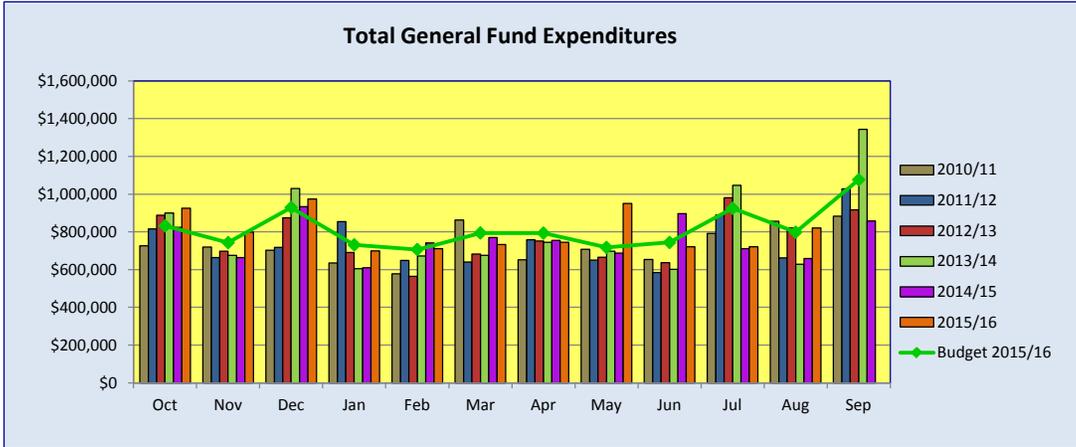
CHART D

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



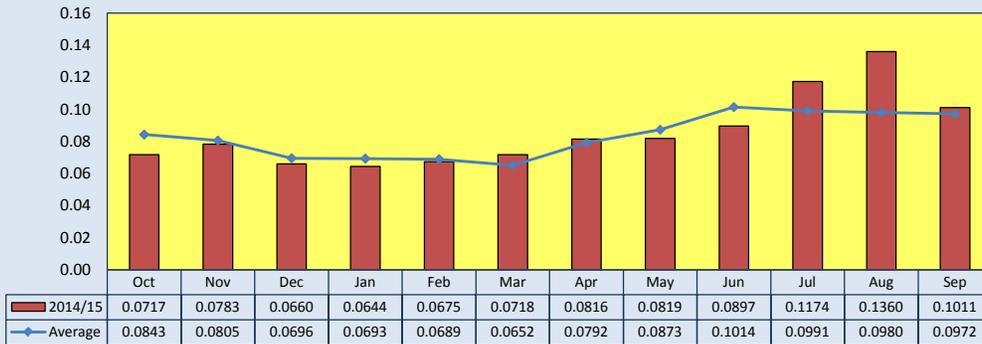
High expenditures in September 2010 are due to city hall A/C replacement.  
High expenditures in September 2014 are due to Seascapes road construction



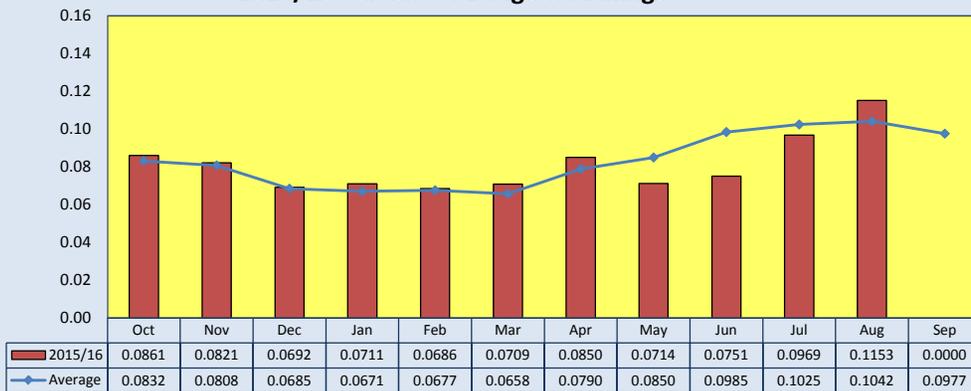
WATER BILLING ANALYSIS

CHART F

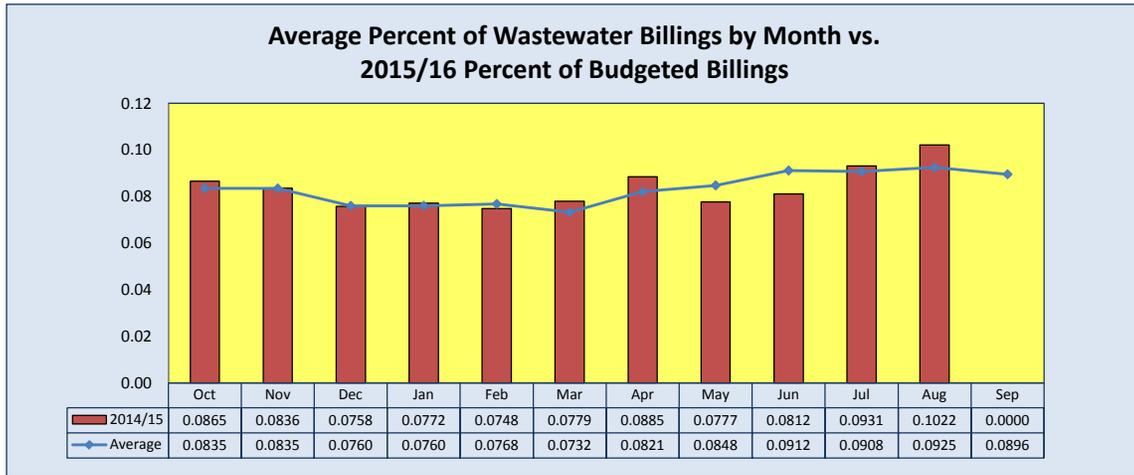
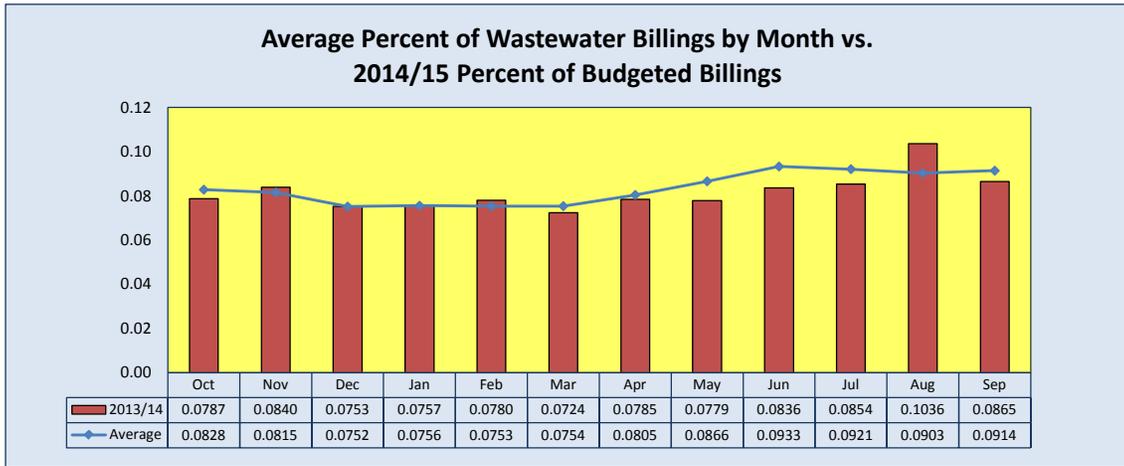
Average Percent of Water Billings by Month vs. 2014/15 Percent of Budgeted Billings



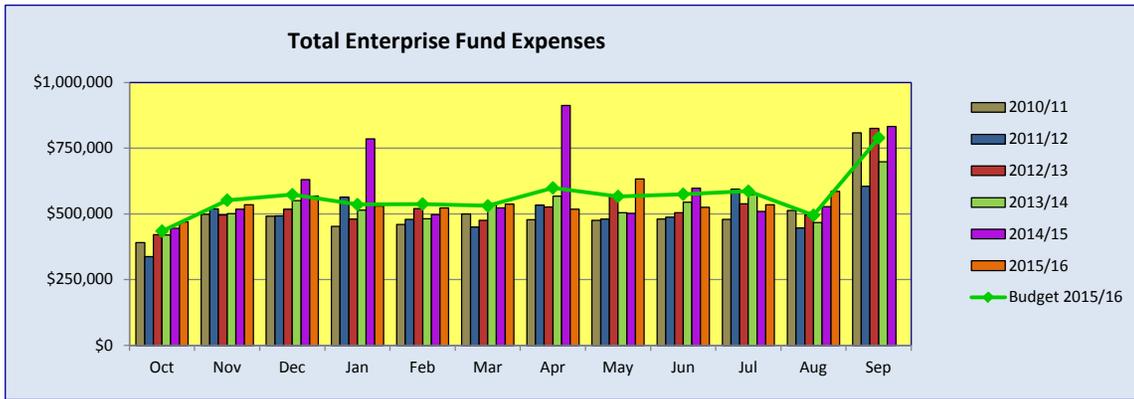
Average Percent of Water Billings by Month vs. 2015/16 Percent of Budgeted Billings



WASTEWATER BILLING ANALYSIS



EXPENDITURE ANALYSIS



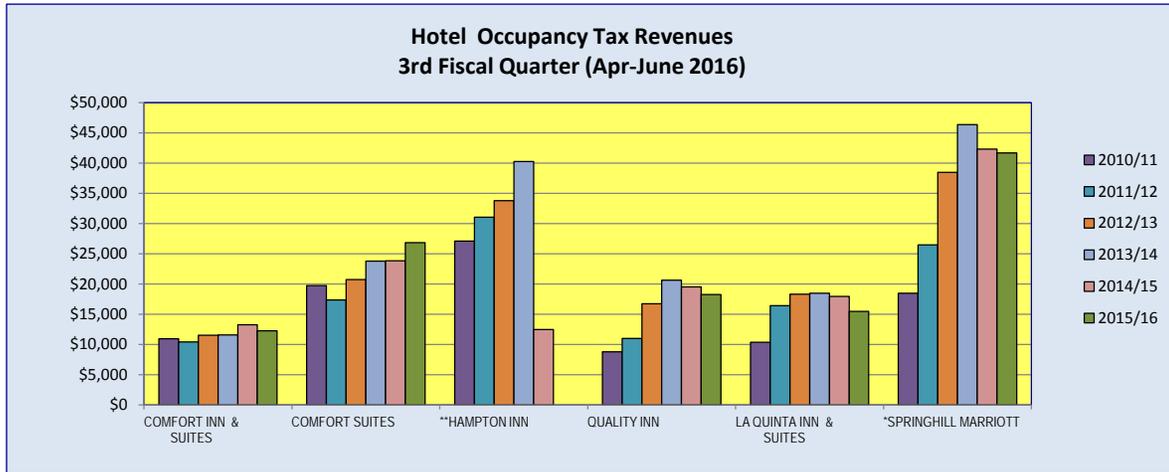
Sept 2013 and Nov 2013 EXCLUDE property acquisition  
 December 2014 & January 2015 expenses much higher than budgeted due to Lakeside lift station repairs  
 April 2015 expenses due to wastewater treatment plant upgrades

# HOTEL TAX FUND



## HOTEL TAX REVENUE ANALYSIS

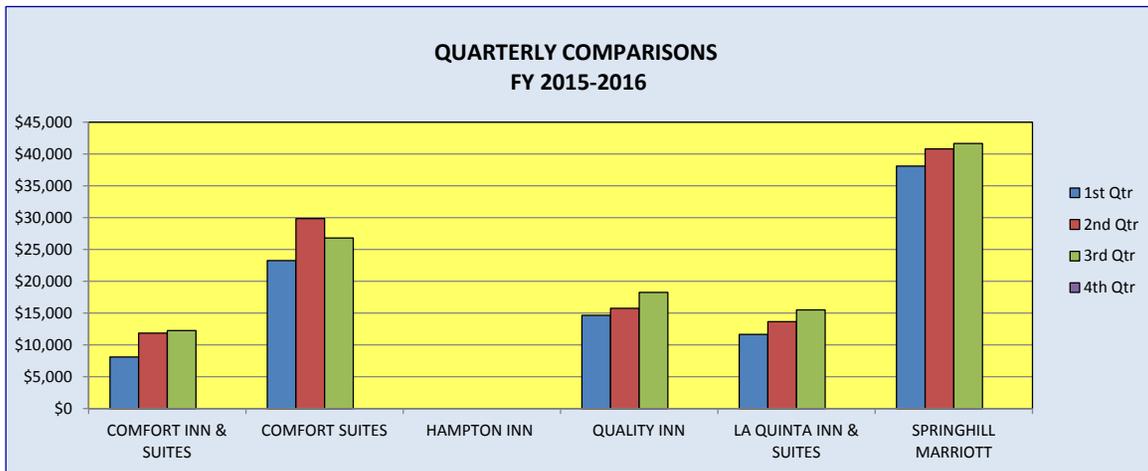
CHART I



\*Springhill Marriott opened last quarter 2010  
 \*\* Hampton Inn closed 3rd quarter 2015 due to fire

## HOTEL TAX REVENUE

CHART J



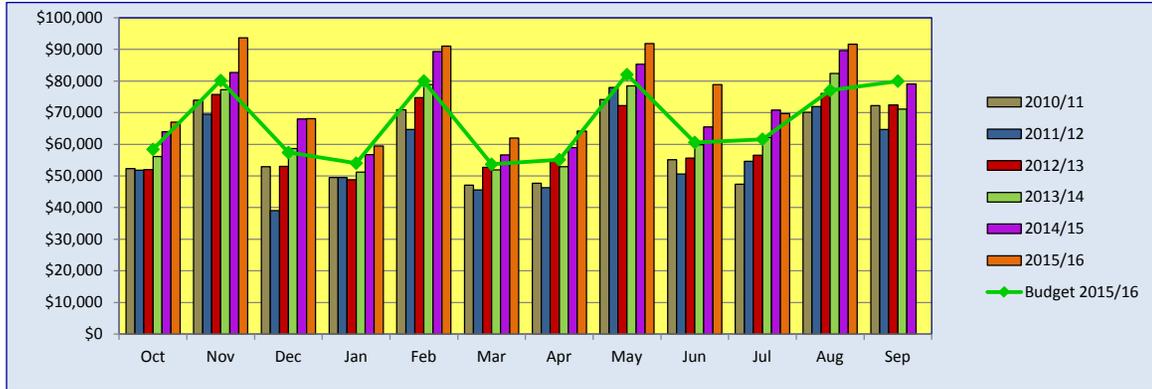
\*\* Hampton Inn closed 3rd quarter 2015 due to fire

# SEABROOK EDC



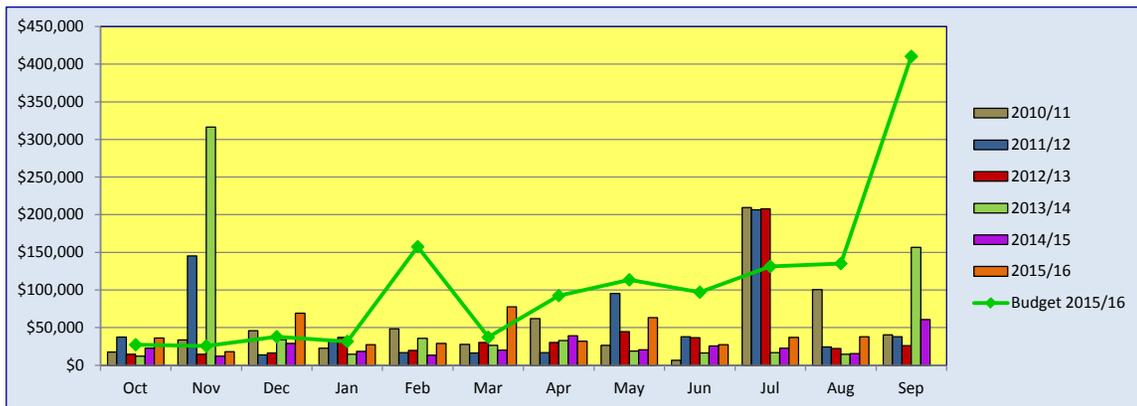
## SALES TAX REVENUE ANALYSIS

CHART K



## EXPENDITURE ANALYSIS

CHART L



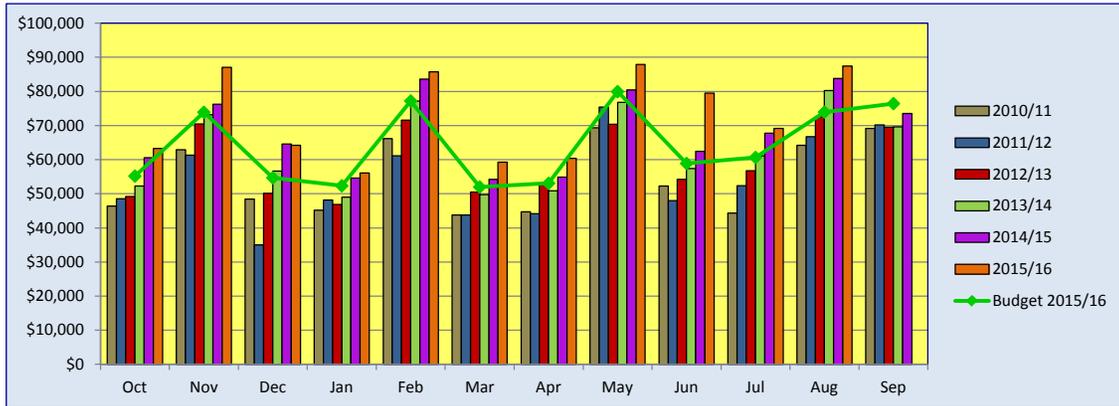
2015/16 September budget reflects appropriations for incentives and Business relocation off HWY 146  
 High exp in Nov 2011 was due to Gateway sign. High exp Nov 2014 was for the waterfront project July expenditures prior to 2013/14 included debt service payments.

# CRIME DISTRICT



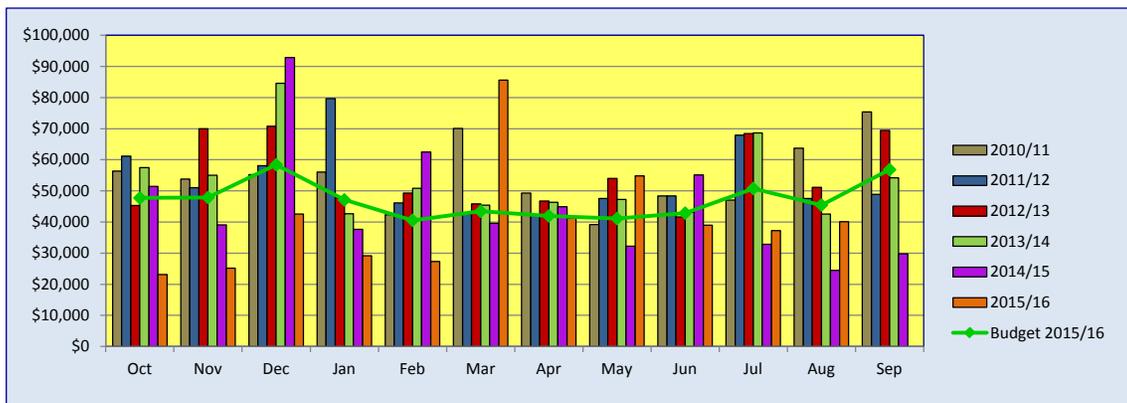
## SALES TAX REVENUE ANALYSIS

CHART M



## EXPENDITURE ANALYSIS

CHART N



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

# INVESTMENTS



CHART O

## MONTHLY INVESTMENT REPORT

### TEXPOOL REPORT

MONTH OF AUGUST 2016  
0.3737%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Aug)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	6,231,955.49	(851,184.92)	2,325.95	5,383,096.52	Working capital
GENERAL FUND - RESTRICTED	1,600,000.00	0.00	incl in above	1,600,000.00	
ENTERPRISE FUND - UNRESTRICT	1,812,031.75	166,332.91	624.10	1,978,988.76	Working capital
ENTERPRISE FUND - RESTRICTED	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,472,560.79	36,000.00	785.14	2,509,345.93	Water & sewer lines extensions & expansions
PARK FEES	80,324.36	5,000.00	25.80	85,350.16	Reserved for acquisition & development of park land
SEIZURE	92,808.61	(19,314.67)	29.28	73,523.22	Solely to purchase equipment for Law Enforcement
CHILD SAFETY PROGRAMS	32,214.89	0.01	10.23	32,225.13	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	15,048.40	0.00	4.78	15,053.18	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	1,248,584.06	184,997.45	398.04	1,433,979.55	Restricted for promotion of tourism
DEBT SERVICE FUND	2,239,397.54	(457,422.13)	655.44	1,782,630.85	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	2,762,098.81	0.00	876.70	2,762,975.51	Funds transferred from Bond Mkt Acct to allow liquidity
IT BONDS	72,655.14	0.00	23.06	72,678.20	Fiber Optics
PD & GF BONDS	6,390,488.61	(4,345.90)	2,028.32	6,388,171.03	Public Wokrks Facility
PD & GF BONDS (GEN FUND Reserve)	0.00	776,000.00	246.30	776,246.30	Public Wokrks Facility funds provided by GF Reserve
FIRE BONDS	20,637.83	4,580.29	8.00	25,226.12	Fire Engine
PINE GULLY PARK BONDS	0.00	0.00	0.00	0.00	Funds transferred from Bond Mkt Acct to allow liquidity
LIBRARY BONDS	(0.00)	0.00	0.00	(0.00)	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	68,308.79	(13,127.76)	21.56	55,202.59	
CAROTHERS	77,587.75	0.00	24.63	77,612.38	
CRIME DISTRICT	920,462.10	87,915.55	292.30	1,008,669.95	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - RESTRICTED FOR BONDS	0.00	0.00	incl in above	0.00	SEDC II - Reserve for revenue bond debt service
SEDC II - RESTRICT FOR EMERGENC	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	70,654.51	(9,380.89)	22.34	61,295.96	
PUBLIC SAFETY	213,830.15	0.00	67.87	213,898.02	
MUNI COURT - SECURITY FUND	23,863.30	10,516.21	7.67	34,387.18	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	14,980.17	0.00	4.75	14,984.92	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUND	6,363.33	20,000.00	2.21	26,365.54	
PEG Fund	88,837.23	8,882.35	30.80	97,750.38	
STABILIZATION FUND	803,784.58	0.00	255.12	804,039.70	
<b>TOTAL TEXPOOL FUND</b>	<b>30,883,835.54</b>	<b>(0.00)</b>	<b>9,802.64</b>	<b>\$30,893,638.18</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: September 2016

## ANNOUNCEMENTS

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

- TexPool**  
 Harris County MUD 499  
 Leon Valley Economic Development Corp.  
 Fort Bend County MUD 170  
 Dallas Area Rapid Transit

- TexPool Prime**  
 Dallas Area Rapid Transit

**Upcoming Events**

- 9/19/2016 - 9/22/2016  
 CTAT Annual Conference  
 South Padre  
 9/23/2016 - 9/24/2016  
 TASA/TASB Annual Conference  
 Houston  
 10/4/2016 - 10/7/2016  
 TML Conference  
 Austin

**TexPool Advisory Board Members**

- |                    |                 |
|--------------------|-----------------|
| Jose Elizondo, Jr. | Vivian Wood     |
| Georgia Sanchez    | Jerry Dale      |
| Patrick K. Rishock | 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: Liquidity, liquidity, liquidity.

September 1, 2016

Not quite "location, location, location," but as the implementation date for the new SEC money market fund reforms draws near, cash managers have a mantra that is as all-encompassing as that famous Realtor one.

The long-term impact of the money fund reforms that take effect on Oct. 14 has dominated the dialogue to this point, and for good reason. As is well known by now, investors and institutions have been forced to decide if they want to stay in the two categories of money funds—institutional prime and tax-free (municipal) funds—that will have to float the net asset value (NAV) of their shares, or move into government money market portfolios. The latter will retain the ability to use amortized cost for daily pricing and as such, retain their stable NAV of \$1.00. It is not just a case of some investors preferring a stable NAV, many must go that route because of their policies regarding risk.

But managers of floating NAV portfolios have plenty to figure out themselves due to the new rules. First and foremost, cash managers and their firms have been working hard to strategize about the future cash flows and to offer their clients new options and products, as we have. Most managers are in a holding pattern as prime and muni clients decide if they will or will not shift money to government portfolios. There is really only one recourse for prudent cash managers to prepare for that scenario: build up enough liquidity capable of handling all redemptions. Liquidity, liquidity and, yes, liquidity.

*(continued page 6)*

### Performance as of August 31, 2016

	<b>TexPool</b>	<b>TexPool Prime</b>
Current Invested Balance	\$13,329,455,304.05	\$2,161,128,376.39
Weighted Average Maturity**	42 Days	37 Days
Weighted Average Life**	80 Days	51 Days
Net Asset Value	1.00021	1.00012
Total Number of Participants	2,368	208
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$4,324,966.02	\$988,766.14
Management Fee Collected	\$6,958.81	\$88,778.91
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$13,782,859,765.39	\$1,809,708,836.75
Average Monthly Rate*	0.37%	0.61%
Average Weighted Average Maturity**	44	38
Average Weighted Average Life**	83	49

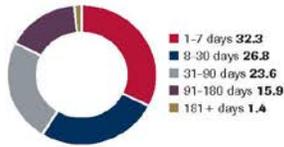
\*This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fee.  
 \*\*See page 2 for definitions.

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://TexPool.com)

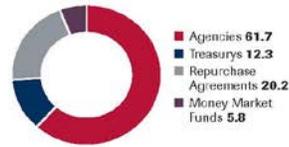
Managed and  
 Serviced by **Federated.**  
 G35884-24 (9/16)



**Portfolio by Maturity (%)**  
As of August 31, 2016



**Portfolio by Type of Investment (%)**  
As of August 31, 2016



**Portfolio Asset Summary as of August 31, 2016**

	Book Value	Market Value
Uninvested Balance	551,448.82	551,448.82
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	9,038,831.62	9,038,831.62
Interest and Management Fees Payable	-4,344,220.18	-4,344,220.18
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-568,645.42	-568,645.42
Repurchase Agreements	2,600,625,000.00	2,600,625,000.00
Mutual Fund Investments	770,022,103.88	770,022,103.88
Government Securities	5,098,882,422.92	5,101,041,502.34
US Treasury Bills	0.00	0.00
US Treasury Notes	4,765,280,362.41	4,765,910,723.79
<b>Total</b>	<b>\$13,329,455,304.05</b>	<b>\$13,332,276,744.85</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	\$3,430,210,696.40
Higher Education	57	\$1,158,149,836.38
Healthcare	81	\$488,359,941.62
Utility District	743	\$2,028,317,208.28
City	455	\$3,823,021,178.53
County	180	\$1,108,816,903.41
Other	277	\$1,282,981,012.15

**\*\*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.



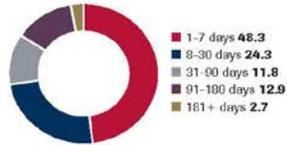
Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
8/1/2016	0.3764%	0.000010311	\$14,427,681,589.94	1.00017	37	77
8/2/2016	0.3733%	0.000010227	\$14,372,706,536.63	1.00016	38	78
8/3/2016	0.3749%	0.000010270	\$14,347,399,152.32	1.00017	41	81
8/4/2016	0.3761%	0.000010303	\$14,307,159,279.95	1.00018	42	82
8/5/2016	0.3758%	0.000010295	\$14,250,627,258.16	1.00018	44	85
8/6/2016	0.3758%	0.000010295	\$14,250,627,258.16	1.00018	44	85
8/7/2016	0.3758%	0.000010295	\$14,250,627,258.16	1.00018	44	85
8/8/2016	0.3818%	0.000010459	\$14,140,227,831.38	1.00018	42	82
8/9/2016	0.3755%	0.000010287	\$14,158,075,145.95	1.00019	43	83
8/10/2016	0.3749%	0.000010272	\$14,008,375,148.46	1.00023	44	83
8/11/2016	0.3775%	0.000010343	\$14,024,263,033.77	1.00023	45	84
8/12/2016	0.3805%	0.000010424	\$13,795,631,312.34	1.00023	46	86
8/13/2016	0.3805%	0.000010424	\$13,795,631,312.34	1.00023	46	86
8/14/2016	0.3805%	0.000010424	\$13,795,631,312.34	1.00023	46	86
8/15/2016	0.3796%	0.000010399	\$13,353,636,826.88	1.00023	45	85
8/16/2016	0.3759%	0.000010298	\$13,434,953,699.74	1.00023	45	84
8/17/2016	0.3768%	0.000010324	\$13,450,054,286.26	1.00022	44	84
8/18/2016	0.3738%	0.000010241	\$13,480,777,506.13	1.00023	44	83
8/19/2016	0.3739%	0.000010219	\$13,431,721,371.79	1.00023	47	86
8/20/2016	0.3739%	0.000010219	\$13,431,721,371.79	1.00023	47	86
8/21/2016	0.3739%	0.000010219	\$13,431,721,371.79	1.00023	47	86
8/22/2016	0.3739%	0.000010219	\$13,392,938,924.95	1.00022	46	85
8/23/2016	0.3719%	0.000010199	\$13,333,726,450.10	1.00021	47	86
8/24/2016	0.3718%	0.000010187	\$13,262,569,968.25	1.00021	48	86
8/25/2016	0.3701%	0.000010139	\$13,739,850,935.65	1.00020	45	82
8/26/2016	0.3718%	0.000010185	\$13,651,436,151.90	1.00019	45	82
8/27/2016	0.3718%	0.000010185	\$13,651,436,151.90	1.00019	45	82
8/28/2016	0.3718%	0.000010185	\$13,651,436,151.90	1.00019	45	82
8/29/2016	0.3709%	0.000010161	\$13,659,176,099.38	1.00019	42	80
8/30/2016	0.3669%	0.000010027	\$13,567,375,715.93	1.00020	42	80
8/31/2016	0.3421%	0.000009373	\$13,329,455,394.05	1.00021	42	80
<b>Average:</b>	<b>0.3737%</b>	<b>0.000010239</b>	<b>\$13,782,859,765.39</b>	<b>1.00020</b>	<b>44</b>	<b>83</b>



**TEXPOOL PRIME**

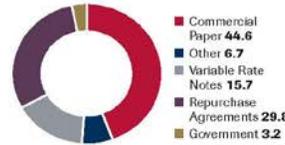
**Portfolio by Maturity (%)**

As of August 31, 2016



**Portfolio by Type of Investment (%)**

As of August 31, 2016



**Portfolio Asset Summary as of August 31, 2016**

	Book Value	Market Value
Uninvested Balance	93,635.75	93,635.75
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	408,382.98	408,382.98
Interest and Management Fees Payable	-988,766.87	-988,766.87
Payable for Investments Purchased	-9,934,550.00	-9,934,550.00
Accrued Expenses & Taxes	-97,551.80	-97,551.80
Repurchase Agreements	201,922,000.00	201,922,000.00
Commercial Paper	1,034,051,841.77	1,034,222,409.90
Bank Instruments	645,997,000.00	645,997,000.00
Mutual Fund Investments	146,014,192.88	146,014,192.88
Government Securities	70,180,455.07	70,267,715.00
Variable Rate Notes	275,401,736.89	275,450,420.00
<b>Total</b>	<b>\$2,263,048,376.30</b>	<b>\$2,263,302,887.76</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Fidelity Investment Consulting 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 payment 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	87	\$1,006,430,521.54
Higher Education	9	\$178,186,165.80
Healthcare	10	\$33,999,204.16
Utility District	9	\$198,442,138.69
City	43	\$413,489,720.71
County	25	\$170,189,443.17
Other	25	\$160,387,925.43



**TEXPOOL PRIME**

**Daily Summary**

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
8/1/2016	0.5887%	0.000016075	\$1,931,875,720.64	1.00014	36	46
8/2/2016	0.5793%	0.000015871	\$1,940,897,629.05	1.00014	36	46
8/3/2016	0.5829%	0.000015066	\$1,940,400,142.36	1.00014	36	46
8/4/2016	0.5840%	0.000016001	\$1,924,630,244.01	1.00012	36	45
8/5/2016	0.5737%	0.000015719	\$1,929,924,682.11	1.00018	36	45
8/6/2016	0.5737%	0.000015719	\$1,929,924,682.11	1.00018	36	45
8/7/2016	0.5737%	0.000015719	\$1,929,924,682.11	1.00018	36	45
8/8/2016	0.5818%	0.000015940	\$1,921,894,228.15	1.00013	35	44
8/9/2016	0.5810%	0.000016102	\$1,900,813,306.92	1.00012	36	47
8/10/2016	0.5789%	0.000015861	\$1,891,652,452.30	1.00012	35	47
8/11/2016	0.6051%	0.000016579	\$1,874,502,722.13	1.00012	35	46
8/12/2016	0.5880%	0.000016110	\$1,887,453,021.87	1.00009	35	46
8/13/2016	0.5890%	0.000016110	\$1,887,453,021.87	1.00009	35	46
8/14/2016	0.5880%	0.000016110	\$1,887,453,021.87	1.00000	35	46
8/15/2016	0.6187%	0.000016951	\$1,837,381,216.57	1.00011	34	45
8/16/2016	0.6059%	0.000016600	\$1,828,246,167.28	1.00010	35	46
8/17/2016	0.6143%	0.000016829	\$1,828,876,942.13	1.00010	37	48
8/18/2016	0.6316%	0.000017304	\$1,846,441,830.08	1.00013	38	51
8/19/2016	0.6381%	0.000017481	\$1,841,256,032.16	1.00011	41	53
8/20/2016	0.6381%	0.000017481	\$1,841,256,032.16	1.00011	41	53
8/21/2016	0.6381%	0.000017481	\$1,841,256,032.16	1.00011	41	53
8/22/2016	0.6481%	0.000017757	\$1,839,974,244.97	1.00013	46	51
8/23/2016	0.6259%	0.000017147	\$1,851,027,806.04	1.00013	38	50
8/24/2016	0.6218%	0.000017036	\$1,848,674,991.80	1.00014	39	51
8/25/2016	0.6149%	0.000016946	\$1,880,003,628.58	1.00013	38	52
8/26/2016	0.6382%	0.000017486	\$1,956,886,288.57	1.00011	43	56
8/27/2016	0.6382%	0.000017486	\$1,955,886,288.57	1.00011	43	56
8/28/2016	0.6382%	0.000017486	\$1,955,886,288.57	1.00011	43	56
8/29/2016	0.6825%	0.000018688	\$1,997,564,745.81	1.00013	39	52
8/30/2016	0.6246%	0.000017111	\$2,002,603,279.97	1.00013	40	55
8/31/2016	0.6220%	0.000017041	\$2,161,128,376.39	1.00012	37	51
<b>Average:</b>	<b>0.6101%</b>	<b>0.000016716</b>	<b>\$1,909,708,836.75</b>	<b>1.00012</b>	<b>38</b>	<b>49</b>

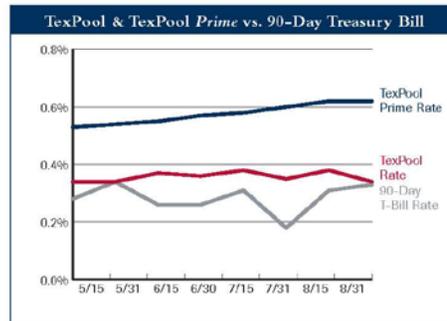


Participant Services  
1001 Texas Ave, 14th Floor  
Houston, TX 77002

Security selection and yield are always prominent, but the responsible approach is to be able to service clients in whatever decision they make.

Actually, most money market firms have a good idea what their clients will do, if they haven't already done it. But we respect their right to change their minds, so redemptions need to be more of a focus than decision-making based on expectations of the Fed's next rate hike or even on value. With the prime money market yield curve, i.e., the London interbank offered rate (Libor), currently so high above that of the Treasury yield curve, many clients are going to wait until the last minute to switch to grab as much yield as possible. So, although our prime portfolios' weighted average maturity (WAM) targets remain at 35-45 days, they are presently in the low-teens and we are buying short-dated instruments. That just shows how much we must prepare for any scenario.

Having said that, the Fed is still on our minds. The minutes of the most recent Federal Open Market Committee (FOMC) meeting in July, as well as Fed Chair Janet Yellen's speech at the Jackson Hole, Wyo., meeting of central bankers, suggest policymaker confidence in the U.S. economy. She even went so far as to say: "the case for an increase in the federal funds rate has strengthened in recent months" and that the U.S. economy is "now nearing the Federal Reserve's statutory goals of maximum employment and price stability." The data has to stay on its present upward trajectory, but our outlook, therefore, is still that there will be a move in 2016, possibly this month, but more logically in December after the election. It's gearing up to be a momentous autumn.



*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.*