# MONTHLY FINANCIAL REPORT

**PERFORMANCE SUMMARY** *May 2011*

| | Current Month | Year to Date | Chart |
|---|---|---|---|
| **GENERAL FUND** | | | |
| 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 | NEGATIVE | POSITIVE | C |
| Sales Tax Collection Analysis | POSITIVE | POSITIVE | D |
| Expenditure Analysis | NEGATIVE | POSITIVE | E |
| **ENTERPRISE FUND** | | | |
| Water Billing Analysis | POSITIVE | POSITIVE | F |
| Sewer Billing Analysis | POSITIVE | POSITIVE | G |
| Expense Analysis | POSITIVE | POSITIVE | H |
| **HOTEL OCCUPANCY TAX REVENUE** | | | |
| Hotel Tax Revenue Analysis | N/A | N/A | I |
| **SEDC** | | | |
| Sales Tax Collection Analysis | POSITIVE | POSITIVE | J |
| Expenditure Analysis | POSITIVE | POSITIVE | K |
| **CRIME DISTRICT** | | | |
| Sales Tax Collection Analysis | POSITIVE | POSITIVE | L |
| Expenditure Analysis | POSITIVE | NEGATIVE | M |
| **INVESTMENTS** | | | |
| Investment Report | N/A | N/A | N |

PERFORMANCE INDICATORS:

| | |
|---|---|
| POSITIVE | Positive = Positive variance as compared to seasonal trend. |
| NEGATIVE | Negative = Negative variance as compared to seasonal trend. |

# GENERAL FUND

CHART A

## TOTAL REVENUE THROUGH MAY 31, 2011

| | Budget | YTD Revenue | % of Budget Collected | Prior YTD % of Total Collected |
|---|---|---|---|---|
| Ad Valorem Taxes | 3,876,367 | 3,789,933 | 97.77% | 96.96% |
| Penalities & Interest | 50,000 | 39,182 | 78.36% | 76.00% |
| Sales Tax | 1,350,000 | 936,915 | 69.40% | 65.26% |
| Franchise Tax | 670,000 | 516,432 | 77.08% | 71.17% |
| Other Tax | 100,000 | 39,382 | 39.38% | 45.00% |
| License & Permits | 225,000 | 134,143 | 59.62% | 73.23% |
| Charges for Services | 52,000 | 22,364 | 43.01% | 64.85% |
| DOT Fines | 125,000 | 55,906 | 44.72% | 71.51% |
| Other Municipal Court Fees | 347,500 | 282,121 | 81.19% | 64.88% |
| Interest Income | 4,605 | 3,024 | 65.67% | 59.58% |
| Intergovernmental | 387,129 | 273,372 | 70.62% | 58.39% |
| Other Revenue | 50,000 | 36,556 | 73.11% | 87.65% |
| Transfers from Enterprise Fund | 1,519,872 | 1,013,249 | 66.67% | 66.67% |
| Payment for Services-EDC | 30,000 | 15,000 | 50.00% | 33.44% |
| Total Revenues | 8,787,473 | 7,157,577 | 81.45% | 79.62% |

CHART B

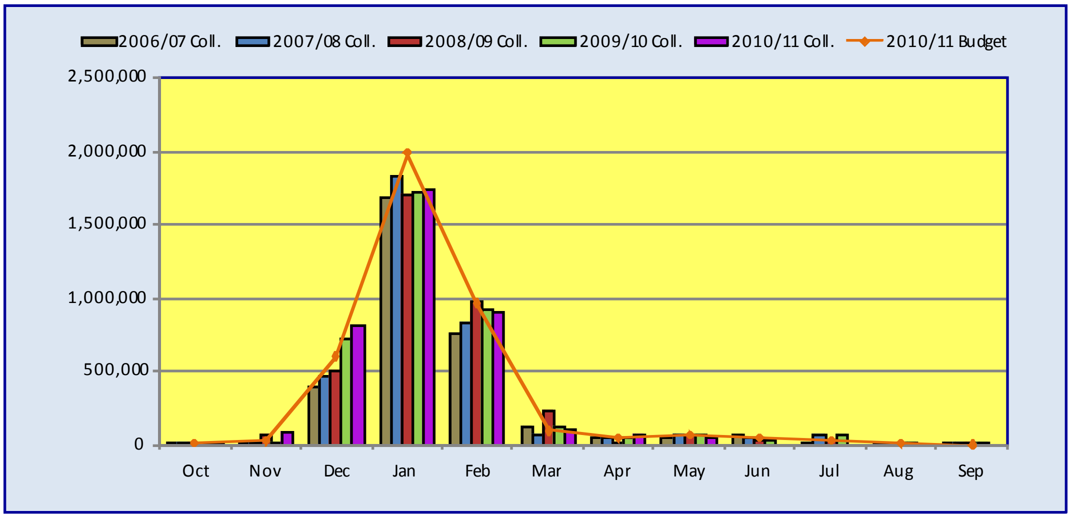
## TOTAL EXPENDITURES THROUGH MAY 31, 2011

| | Budget | YTD Expenditures | % of Budget Expended | Prior YTD % of Total Expended |
|---|---|---|---|---|
| Personnel | 5,804,470 | 3,657,204 | 63.01% | 65.33% |
| Supplies | 309,550 | 167,221 | 54.02% | 61.71% |
| Services | 2,445,787 | 1,635,712 | 66.88% | 69.94% |
| Capital | 158,381 | 100,308 | 63.33% | 19.09% |
| Total Expenditures | 8,718,188 | 5,560,445 | 63.78% | 64.23% |

## GENERAL FUND-continued

CHART C

## PROPERTY TAX ANALYSIS

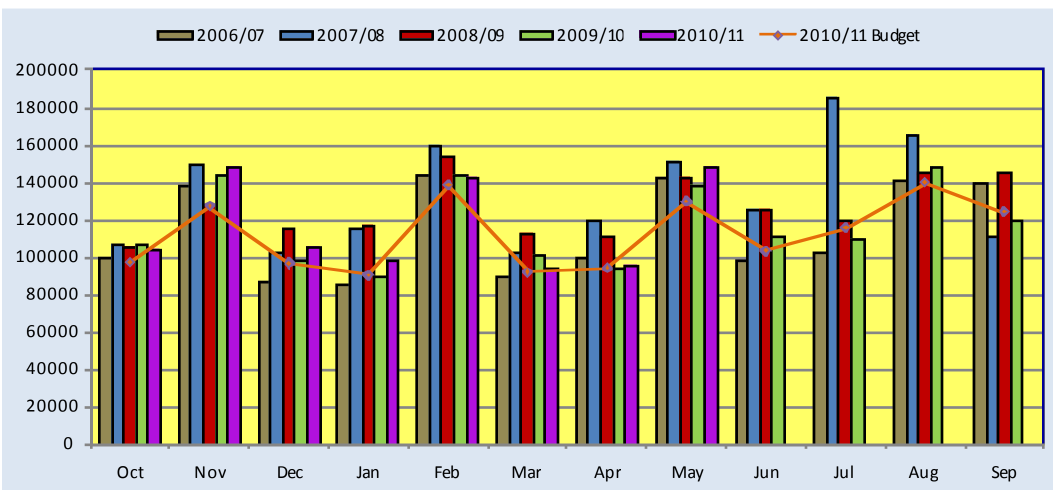



2010/11 Budget is divided into months based on the monthly percentages of the last 5 years' collections.

January revenue only slighly below budget for the month but YTD revenue is higher than YTD budget

CHART D

## SALES TAX ANALYSIS

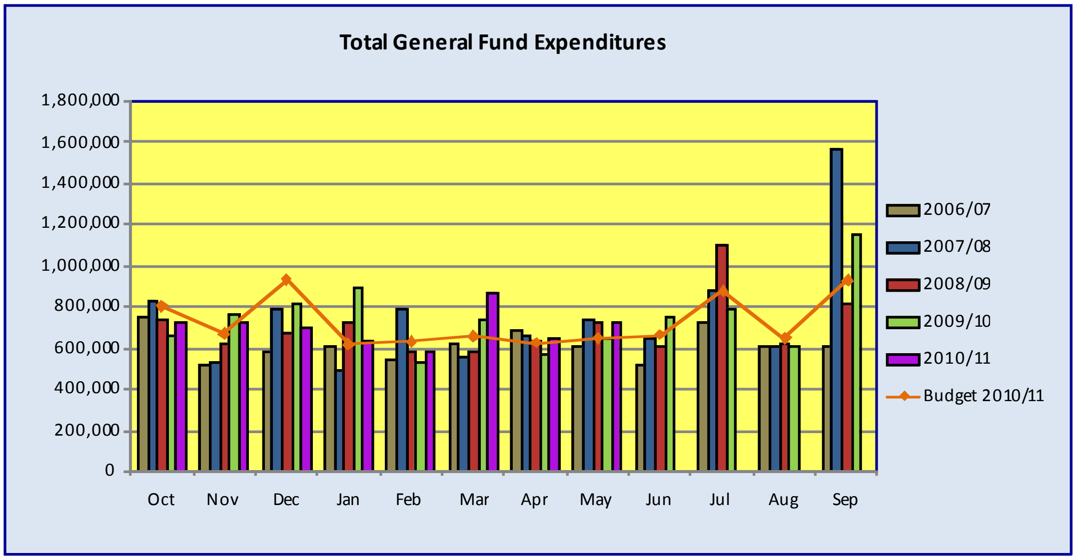



2010/11 Budget is divided into months based on the monthly percentages of the last 5 years' activity of sales tax revenue.

GENERAL FUND-continued

CHART E

## EXPENDITURE ANALYSIS




High expenditures in September 2008 are a result of Hurricane Ike.

High expenditures in September 2010 are due to city hall A/C replacement.

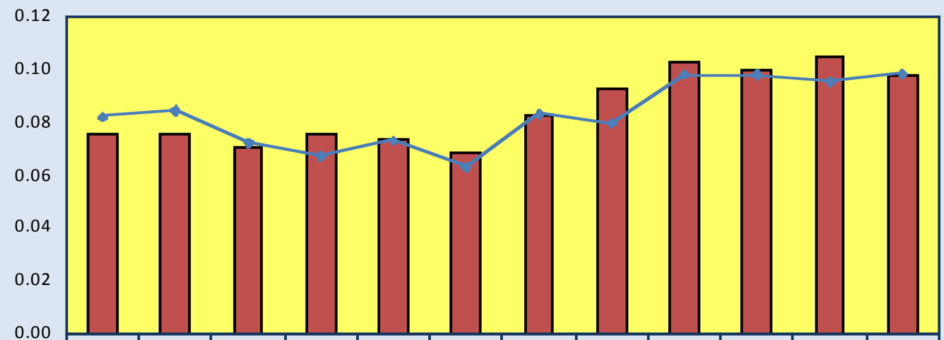
January expenditures slightly higher than Januuary budget but YTD expenditures lower than YTD budget.

## ENTERPRISE FUND

CHART F

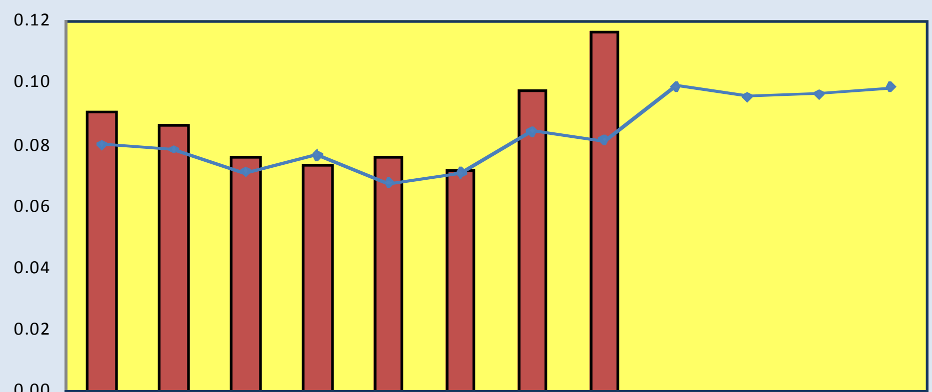
### WATER BILLING ANALYSIS

**Average Percent of Water Billings by Month vs. 2009/10 Percent of Budgeted Billings**




| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2009/10 | 0.0752 | 0.0756 | 0.0706 | 0.0754 | 0.0737 | 0.0683 | 0.0825 | 0.0931 | 0.1032 | 0.0997 | 0.1050 | 0.0978 |
| Average | 0.0824 | 0.0851 | 0.0726 | 0.0677 | 0.0735 | 0.0634 | 0.0835 | 0.0800 | 0.0984 | 0.0984 | 0.0961 | 0.0988 |

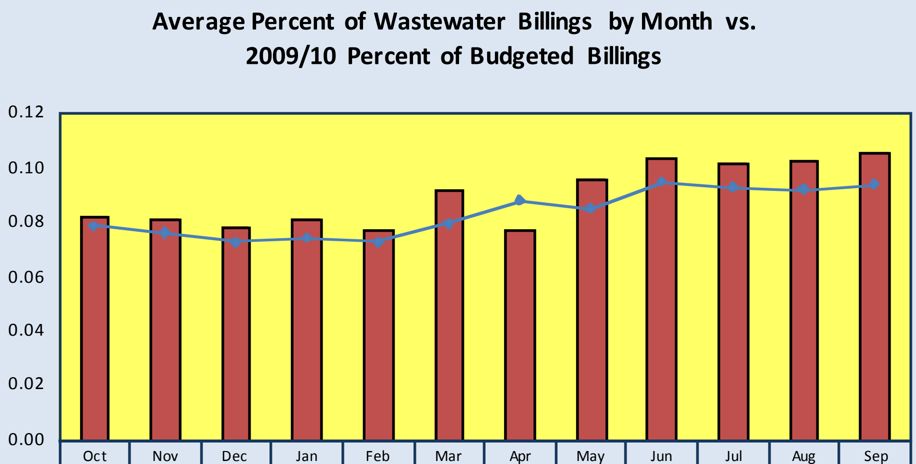
**Average Percent of Water Billings by Month vs. 2010/11 Percent of Budgeted Billings**



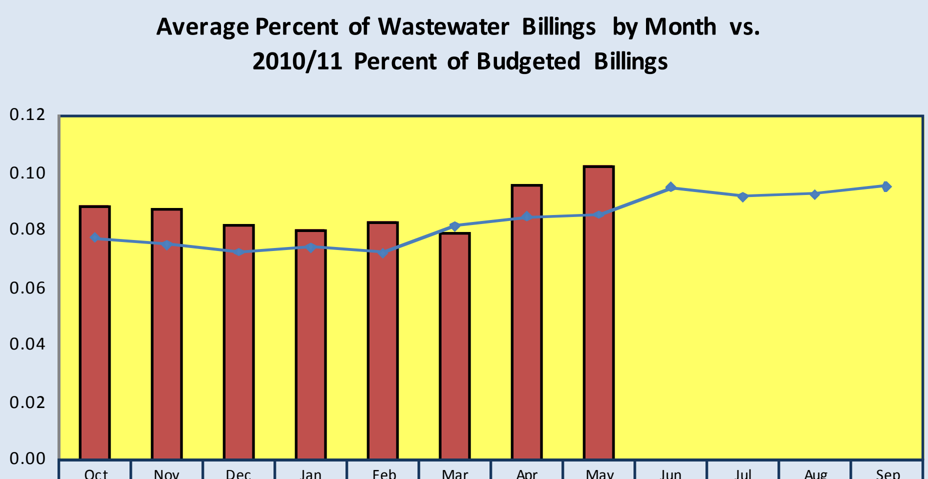

| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010/11 | 0.0908 | 0.0863 | 0.0759 | 0.0730 | 0.0762 | 0.0713 | 0.0972 | 0.1163 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Average | 0.0801 | 0.0783 | 0.0712 | 0.0765 | 0.0676 | 0.0706 | 0.0843 | 0.0816 | 0.0988 | 0.0957 | 0.0966 | 0.0988 |

CHART G

## WASTEWATER BILLING ANALYSIS




| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2009/10 | 0.0823 | 0.0813 | 0.0780 | 0.0806 | 0.0774 | 0.0916 | 0.0770 | 0.0956 | 0.1035 | 0.1013 | 0.1022 | 0.1054 |
| Average | 0.0787 | 0.0760 | 0.0728 | 0.0741 | 0.0728 | 0.0796 | 0.0877 | 0.0849 | 0.0946 | 0.0925 | 0.0922 | 0.0939 |

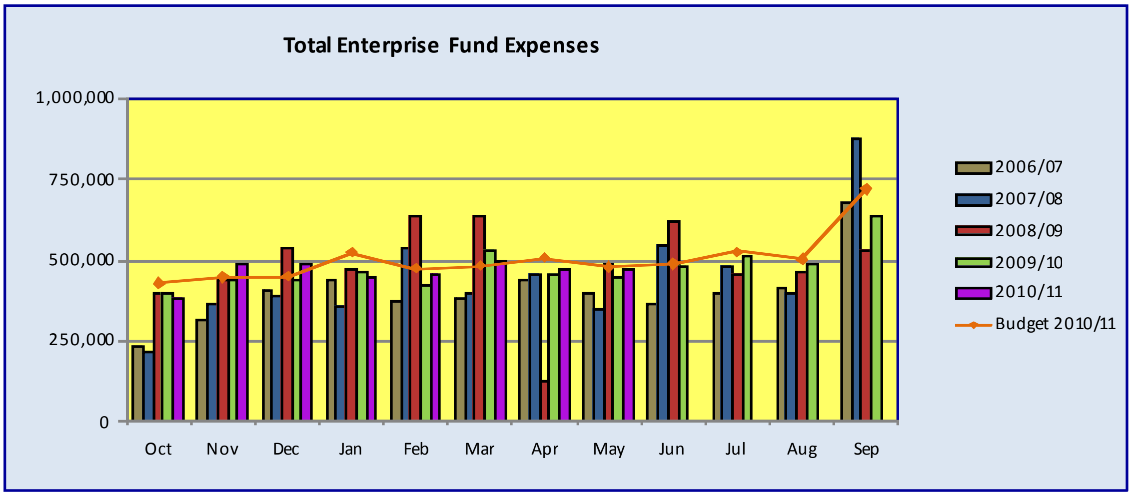



| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010/11 | 0.0881 | 0.0874 | 0.0814 | 0.0800 | 0.0824 | 0.0788 | 0.0954 | 0.1020 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Average | 0.0775 | 0.0752 | 0.0724 | 0.0743 | 0.0721 | 0.0818 | 0.0849 | 0.0857 | 0.0954 | 0.0922 | 0.0927 | 0.0956 |

ENTERPRISE FUND-continued

CHART H

## EXPENDITURE ANALYSIS




Low expenses April 2009 due to TML insurance reimbursement for IKE

# HOTEL TAX FUND

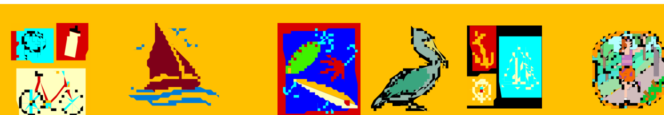
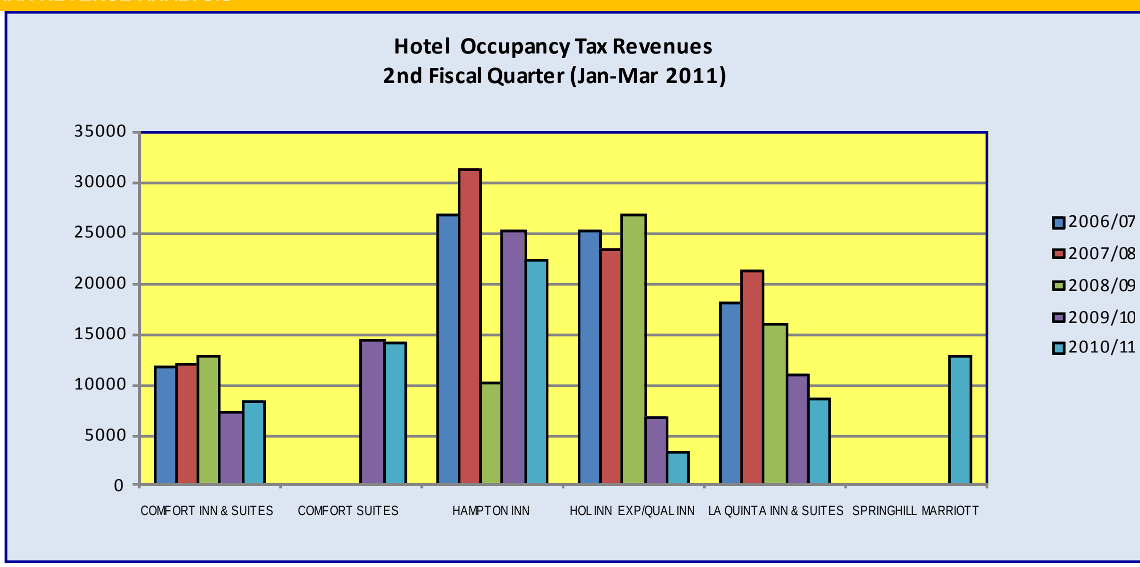


CHART I

## HOTEL TAX REVENUE ANALYSIS




Hotel occupancy tax is paid quarterly.

Taxes for 2nd quarter 2010-11 (Jan-Mar 2011) was due by March 31, 2011.

*Comfort Suites-Bayport Blvd. opened 2008/09 ** Springhill Marriott opened last quarter 2010

# SEABROOK EDC

CHART J

## SALES TAX REVENUE ANALYSIS

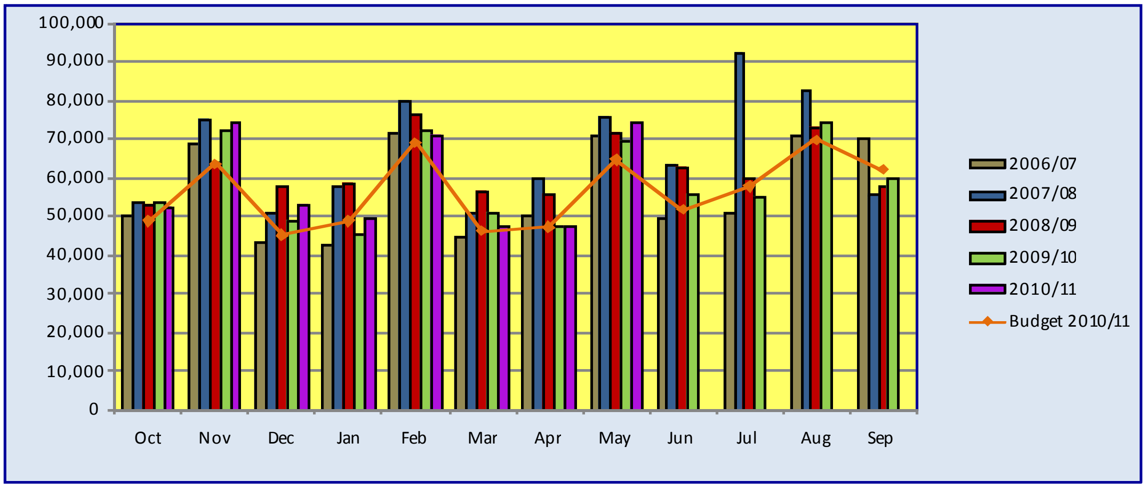
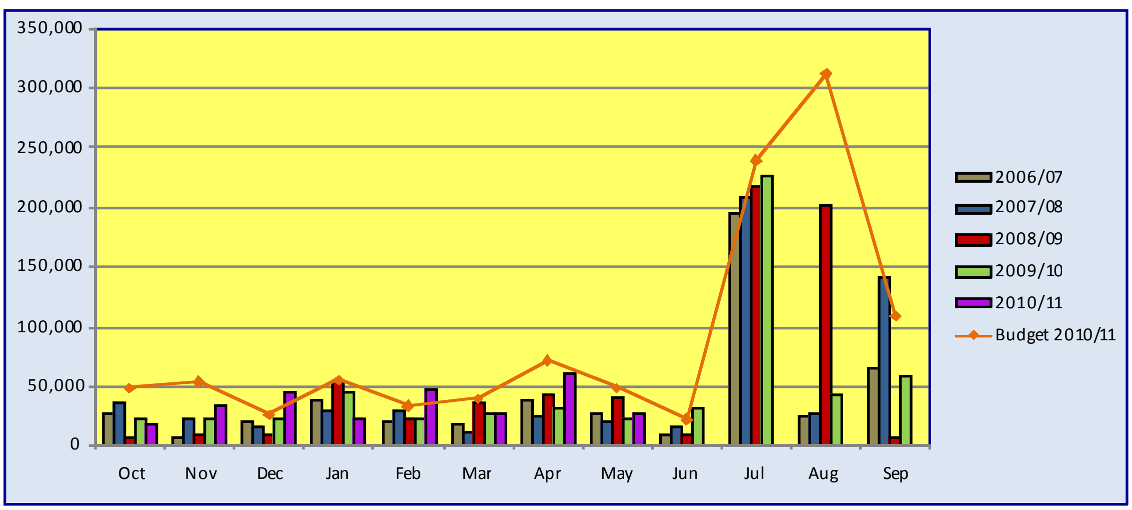



CHART K

## EXPENDITURE ANALYSIS



# CRIME DISTRICT

CHART L

## SALES TAX REVENUE ANALYSIS

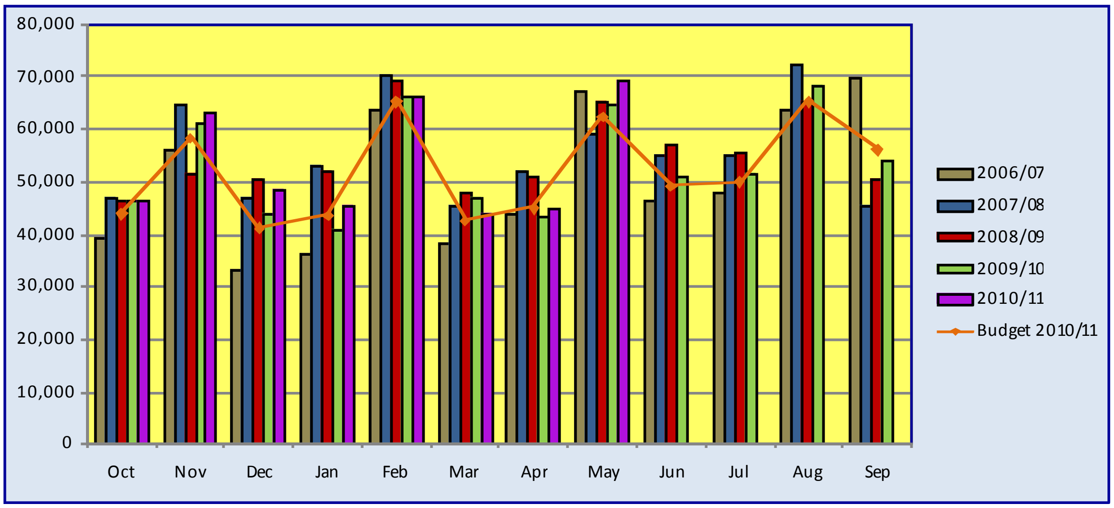
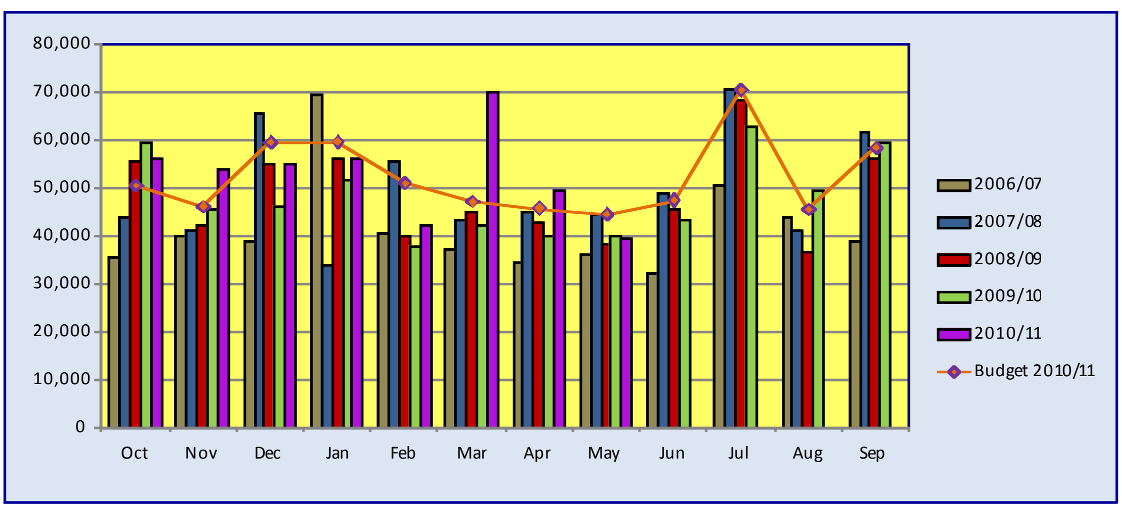



CHART M

## EXPENDITURE ANALYSIS



# INVESTMENTS

CHART N

## MONTHLY INVESTMENT REPORT

TEXPOOL REPORT

MONTH OF MAY 2011
AVG RATE .1122%

| | BEGINNING BALANCE | TRANSFER IN/(OUT) | INT EARNED (Posted May) | ENDING BALANCE | PURPOSE OF FUND |
|---|---|---|---|---|---|
| GENERAL FUND - UNRESTRICTED | 4,374,602.23 | (249,499.62) | 317.86 | 4,125,420.47 | Working capital |
| ENTERPRISE FUND - UNRESTRIC | 3,237,160.76 | 190,984.48 | 247.48 | 3,428,392.72 | Working capital |
| ENTERPRISE FUND - RESTRICTEI | 300,000.00 | 0.00 | incl in above | 300,000.00 | Customer liability |
| CAPITAL IMPACT FEES | 2,110,563.87 | 0.00 | 150.15 | 2,110,714.02 | Water & sewer lines extensions & expansions |
| PARK FEES | 5,678.90 | 0.00 | 0.40 | 5,679.30 | Reserved for acquisition & development of park land |
| CHILD SAFETY PROGRAMS | 15,059.31 | 0.00 | 1.07 | 15,060.38 | Reserved for Child Safety/School Zones |
| FEDERAL SEIZURE | 120,464.69 | 10,000.00 | 8.60 | 130,473.29 | Criminal Investigation - Federal Funds |
| HOTEL/MOTEL FUND | 713,279.22 | 35,000.00 | 50.85 | 748,330.07 | Restricted for promotion of tourism |
| DEBT SERVICE FUND | 2,578,486.83 | 18,125.33 | 183.49 | 2,596,795.65 | Restricted for General fund reserves & yearly debt service |
| WTR/SWR BONDS | 401,056.90 | 0.00 | 28.53 | 401,085.43 | Funds transferred from Bond Mkt Acct to allow liquidity |
| FIRE BONDS | 1,172,155.28 | (117,692.25) | 79.14 | 1,054,542.17 | Funds transferred from Bond Mkt Acct to allow liquidity |
| STREET BONDS | 128,831.16 | 0.00 | 9.17 | 128,840.33 | Funds transferred from Bond Mkt Acct to allow liquidity |
| PINE GULLY PARK BONDS | 0.00 | 0.00 | 0.00 | 0.00 | Funds transferred from Bond Mkt Acct to allow liquidity |
| LIBRARY BONDS | 22,868.44 | 0.00 | 1.63 | 22,870.07 | Funds transferred from Bond Mkt Acct to allow liquidity |
| LAKESIDE DRIVE CERT DEP | 375,674.22 | 25,000.00 | 26.80 | 400,701.02 | |
| CRIME DISTRICT | 185,334.74 | 30,000.00 | 13.28 | 215,348.02 | Funds transferred from Bond Mkt Acct to allow liquidity |
| SEDC II - UNRESTRICTED | 1,898,875.58 | 33,082.06 | 165.14 | 1,932,122.78 | Seabrook Economic Development Corporation II |
| SEDC II - RESTRICTED FOR BONI | 223,755.00 | 0.00 | incl in above | 223,755.00 | SEDC II - Reserve for revenue bond debt service |
| SEDC II - RESTRICT FOR EMERG | 180,000.00 | 0.00 | incl in above | 180,000.00 | Emergency Reserve |
| STEP FUND | 25,145.68 | 5,000.00 | 1.80 | 30,147.48 | |
| PUBLIC SAFETY | 20,000.14 | 20,000.00 | 1.48 | 40,001.62 | |
| MUNI COURT - SECURITY FUND | 47,078.10 | 0.00 | 3.35 | 47,081.45 | Funds from fines to be used for security |
| COURT - TIME PAYMENT FEES | 10,009.44 | 0.00 | 0.71 | 10,010.15 | Funds from fines to be used to improve court |
| MUNI COURT - TECHNOLOGY FUNI | 6,465.46 | 0.00 | 0.46 | 6,465.92 | |
| TOTAL TEXPOOL FUND | 18,152,545.95 | 0.00 | 1,291.39 | $18,153,837.34 | |

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

# TEXPOOL

## ANNOUNCEMENTS

### Upcoming Events

06/09/11 - 06/11/11
AWBD Annual Conference, Ft. Worth

06/15/11 - 06/17/11
TASBO Summer Conference, Corpus Christi

06/21/11 - 06/24/11
TACCBO Summer Conference, El Paso

### Holiday Closing

In observance of Independence Day, TexPool will be closed on Monday, July 4, 2011. All ACH transactions placed on Friday, July 1, 2011 will settle on Tuesday, July 5, 2011.

Please plan accordingly for your liquidity needs.

### TexPool Advisory Board Members



Overseen by the State of Texas Comptroller of Public Accounts Susan Combs.

Operated under the supervision of the Texas Treasury Safekeeping Trust Company.

### Additional information regarding TexPool is available upon request:


www.texpool.com
1-866-839-7665
(1-866-TEX-POOL)
Fax: 866-839-3291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Monthly Newsletter June 2011

# Economic and Market Commentary

Interest rates from one-month to one-year settled lower in May as a stream of weaker-than-expected economic news persuaded investors that the Federal Reserve would wait still longer before undertaking a monetary tightening cycle. One month Libor slipped by two basis points to 0.19%, three month Libor fell by an identical amount to 0.253%, six month Libor dropped 2.7 basis points to 0.403%, and 12-month Libor skidded 3.2 basis points to 0.73%.

In a rare bit of good news for savers, yields on overnight money rebounded by a few basis points — albeit from the low to mid-single digit range — as the supply of repo collateral increased. In addition, the Fed named GSEs as potential counterparties to its reverse repurchase agreement program. The move to possibly allow such quasi-government institutions as Ginnie Mae and Freddie Mac to use the so-called discount window is intended to facilitate the Fed's anticipated shrinkage of its bloated balance sheet, which would be a byproduct of an exit strategy from its super-accommodative monetary policy. It also would give the Fed enhanced control over the effective funds rate, which usually has been trading significantly below the upper end of the central bank's zero to 0.25% target range.

Technical factors aside, the U.S. economy clearly has entered a soft patch at roughly the same time — and under some of the same circumstances — as in 2010. Though the nation's unemployment rate had been ticking down, initial unemployment claims as of mid-May had surpassed the crucial 400,000 threshold for seven consecutive weeks, thus undermining consumer confidence.

In addition, the initial report of a paltry 1.8% increase in first quarter GDP was left unrevised, disappointing the consensus view that the American economy grew by at least 2% during the January-March period. Multiple manufacturing surveys also suggested the expansion was slowing, as did the leading economic indicators, which declined in April for the first time in 10 months and by the largest amount in two years. Finally, the average U.S. house price sank to the lowest level since before the financial crisis. The domestic economic slowdown unfolded against a backdrop of another Japanese recession and a renewed sovereign debt crisis in the eurozone.

Though we anticipate that the Fed's $600 billion second round of quantitative easing (known as QE2) will conclude as planned on June 30th and that there will be no

*(continued page 6)*

### PERFORMANCE As of May 31, 2011

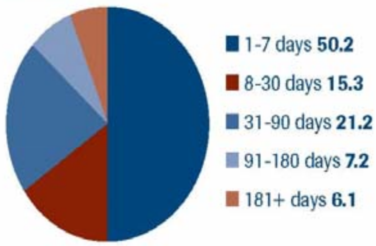
| | TexPool | TexPool Prime |
|---|---|---|
| Current Invested Balance | $16,548,095,742.85 | $1,649,189,281.44 |
| Weighted Average Maturity (1)* | 40 Days | 43 Days |
| Weighted Average Maturity (2)* | 82 Days | 45 Days |
| Net Asset Value | 1.00012 | 1.00010 |
| Total Number of Participants | 2,248 | 127 |
| Management Fee on Invested Balance | 0.0473% | 0.0638% |
| Interest Distributed | $1,208,297.05 | $ 200,449.27 |
| Management Fee Collected | $688,172.88 | $93,677.62 |
| Standard & Poor's Current Rating | AAAm | AAAm |
| **May Averages** | | |
| Average Invested Balance | $17,042,319,358.86 | $ 1,737,941,539.59 |
| Average Monthly Yield, on a simple basis (3)* | 0.08% | 0.14% |
| Average Weighted Average Maturity (1)* | 43 Days | 47 Days |
| Average Weighted Average Maturity (2)* | 82 Days | 50 Days |

*Definitions for Average Weighted Maturity can be found on Page 2.*

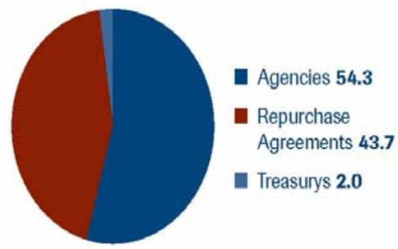
# TEXPOOL

**June 2011**

## Portfolio by Maturity
*As of May 31, 2011*




## Portfolio by Type of Investment
*As of May 31, 2011*




## PORTFOLIO ASSET SUMMARY AS OF MAY 31, 2011

| | Book Value | Market Value |
|---|---|---|
| Uninvested Balance | $(1,278.38) | $(1,278.38) |
| Receivable for Investments Sold | 0.00 | 0.00 |
| Accrual of Interest Income | 9,530,135.41 | 9,530,135.41 |
| Interest and Management Fees Payable | (1,208,275.93) | (1,208,275.93) |
| Payable for Investments Purchased | (129,894,466.00) | (129,894,466.00) |
| Repurchase Agreements | 7,287,176,000.00 | 7,287,176,000.00 |
| Mutual Fund Investments | 0.00 | 0.00 |
| Government Securities | 9,048,170,909.71 | 9,049,925,064.87 |
| US Treasury Bills | 0.00 | 0.00 |
| US Treasury Notes | 334,322,718.04 | 334,497,137.00 |
| **Total** | **$16,548,095,742.85** | **$16,550,024,316.97** |

*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.*

## MONTH SUMMARY

| | Money Mkt Fund Equiv (SEC Std.) | Daily Allocation Factor | TexPool Invested Balance | Market Value Per Share | WAM Days (1) | WAM Days (2) |
|---|---|---|---|---|---|---|
| **Averages** | **0.0838%** | **0.000002295** | **$17,042,319,358.86** | **1.00012** | **43** | **82** |

## PARTICIPANT SUMMARY

| | Number of Participants | Balance |
|---|---|---|
| School District | 564 | $5,534,730,108.81 |
| Higher Education | 55 | $1,891,297,378.19 |
| Health Care | 79 | $488,002,527.23 |
| Utility District | 690 | $1,568,428,279.67 |
| City | 437 | $4,510,772,222.66 |
| County | 171 | $1,371,359,278.71 |
| Other | 252 | $1,183,158,108.57 |

**Definition of Weighted Average Maturity (1) & (2)**

*(1) This weighted average maturity calculation uses the SEC Rule 2A-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.*

*(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate*

# TexPool

## DAILY SUMMARY

| Date | Money Mkt Fund Equiv (SEC Std.) | Daily Allocation Factor | TexPool Invested Balance | Market Value Per Share | WAM Days (1) | WAM Days (2) |
|---|---|---|---|---|---|---|
| 1-May | 0.0856% | 0.000002346 | $17,619,677,209.83 | 1.00009 | 41 | 78 |
| 2-May | 0.1015% | 0.000002780 | $17,702,932,581.77 | 1.00011 | 40 | 75 |
| 3-May | 0.0770% | 0.000002110 | $17,679,653,372.12 | 1.00012 | 40 | 79 |
| 4-May | 0.0715% | 0.000001959 | $17,720,608,155.94 | 1.00012 | 42 | 80 |
| 5-May | 0.0662% | 0.000001814 | $17,761,476,641.84 | 1.00013 | 41 | 79 |
| 6-May | 0.0749% | 0.000002053 | $17,638,153,123.19 | 1.00014 | 42 | 80 |
| 7-May | 0.0749% | 0.000002053 | $17,638,153,123.19 | 1.00014 | 42 | 80 |
| 8-May | 0.0749% | 0.000002053 | $17,638,153,123.19 | 1.00014 | 42 | 80 |
| 9-May | 0.0684% | 0.000001874 | $17,622,697,212.78 | 1.00013 | 40 | 78 |
| 10-May | 0.0751% | 0.000002057 | $17,562,667,794.12 | 1.00013 | 41 | 80 |
| 11-May | 0.0664% | 0.000001818 | $17,547,381,944.54 | 1.00013 | 44 | 83 |
| 12-May | 0.0760% | 0.000002081 | $17,350,646,722.49 | 1.00013 | 43 | 82 |
| 13-May | 0.0890% | 0.000002437 | $16,876,438,540.24 | 1.00012 | 46 | 85 |
| 14-May | 0.0890% | 0.000002437 | $16,876,438,540.24 | 1.00012 | 46 | 85 |
| 15-May | 0.0890% | 0.000002437 | $16,876,438,540.24 | 1.00012 | 46 | 85 |
| 16-May | 0.0989% | 0.000002710 | $16,758,699,818.82 | 1.00013 | 44 | 82 |
| 17-May | 0.0864% | 0.000002366 | $16,797,181,311.28 | 1.00013 | 44 | 83 |
| 18-May | 0.0935% | 0.000002563 | $16,779,374,398.60 | 1.00012 | 44 | 82 |
| 19-May | 0.0905% | 0.000002480 | $16,705,155,803.95 | 1.00013 | 45 | 82 |
| 20-May | 0.0861% | 0.000002360 | $16,590,575,006.01 | 1.00012 | 46 | 84 |
| 21-May | 0.0861% | 0.000002360 | $16,590,575,006.01 | 1.00012 | 46 | 84 |
| 22-May | 0.0861% | 0.000002360 | $16,590,575,006.01 | 1.00012 | 46 | 84 |
| 23-May | 0.0880% | 0.000002412 | $16,573,154,141.35 | 1.00012 | 43 | 81 |
| 24-May | 0.0863% | 0.000002365 | $16,551,985,627.76 | 1.00012 | 43 | 81 |
| 25-May | 0.0819% | 0.000002243 | $16,717,263,699.20 | 1.00012 | 42 | 84 |
| 26-May | 0.0860% | 0.000002357 | $16,662,056,737.34 | 1.00013 | 42 | 84 |
| 27-May | 0.0841% | 0.000002303 | $16,583,922,799.90 | 1.00013 | 43 | 86 |
| 28-May | 0.0841% | 0.000002303 | $16,583,922,799.90 | 1.00013 | 43 | 86 |
| 29-May | 0.0841% | 0.000002303 | $16,583,922,799.90 | 1.00013 | 43 | 86 |
| 30-May | 0.0841% | 0.000002303 | $16,583,922,799.90 | 1.00013 | 43 | 86 |
| 31-May | 0.1110% | 0.000003042 | $16,548,095,742.85 | 1.00012 | 40 | 82 |
| Averages | 0.0838% | 0.000002295 | $17,042,319,358.86 | 1.00012 | 43 | 82 |

# TEXPOOL PRIME

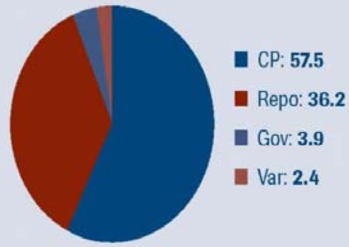
**June 2011**

## Portfolio by Maturity

*As of May 31, 2011*


## Portfolio by Type of Investment

*As of May 31, 2011*




## PORTFOLIO ASSET SUMMARY AS OF MAY 31, 2011

| | Book Value | Market Value |
|---|---|---|
| Uninvested Balance | $1,365.64 | $1,365.64 |
| Accrual of Interest Income | 39,350.74 | 39,350.74 |
| Interest and Management Fees Payable | (200,449.21) | (200,449.21) |
| Payable for Investments Purchased | 0.00 | 0.00 |
| Accrued Expenses & Taxes | 0.00 | 0.00 |
| Repurchase Agreements | 597,140,000.00 | 597,140,000.00 |
| Commercial Paper | 947,981,465.31 | 948,110,496.58 |
| Bank Instruments | 0.00 | 0.00 |
| Mutual Fund Investments | 0.00 | 0.00 |
| Government Securities | 84,231,024.37 | 84,255,044.80 |
| Variable Rate Notes | 19,996,524.59 | 20,007,980.00 |
| **Total** | **$1,649,189,281.44** | **$1,649,353,788.55** |

*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.*

## MONTH SUMMARY

| | Money Mkt Fund Equiv (SEC Std.) | Daily Allocation Factor | TexPool Invested Balance | Market Value Per Share | WAM Days (1) | WAM Days (2) |
|---|---|---|---|---|---|---|
| **Averages** | **0.1369%** | **0.000003751** | **$1,724,302,559.99** | **1.00010** | **47** | **50** |

## PARTICIPANT SUMMARY

| **Number of Participants** | **Balance** | |
|---|---|---|
| School District | 63 | $987,859,493.50 |
| Higher Education | 8 | $141,993,105.94 |
| Health Care | 6 | $25,229,435.21 |
| Utility District | 3 | $79,238,335.59 |
| City | 21 | $124,972,600.05 |
| County | 16 | $287,724,470.45 |
| Other | 10 | $2,167,338.49 |

**(3) This current yield for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.*

# TexPool Prime

## DAILY SUMMARY

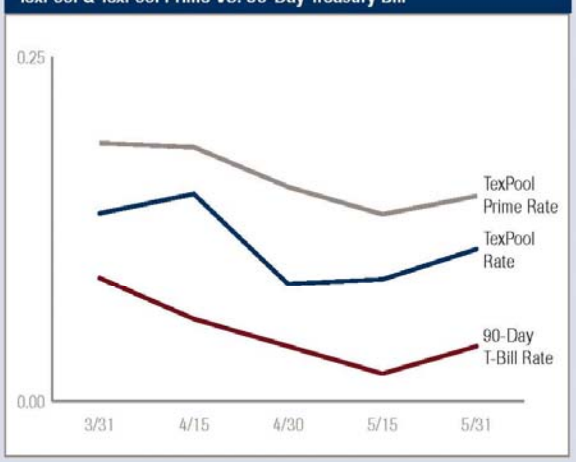
| Date | Money Mkt Fund Equiv (SEC Std.) | Daily Allocation Factor | TexPool Invested Balance | Market Value Per Share | WAM Days (1) | WAM Days (2) |
|---|---|---|---|---|---|---|
| 1-May | 0.1560% | 0.000004273 | $1,743,371,305.30 | 1.00009 | 49 | 52 |
| 2-May | 0.1704% | 0.000004668 | $1,736,356,123.91 | 1.00010 | 46 | 50 |
| 3-May | 0.1382% | 0.000003787 | $1,743,947,565.11 | 1.00009 | 52 | 55 |
| 4-May | 0.1318% | 0.000003611 | $1,752,787,260.38 | 1.00010 | 51 | 54 |
| 5-May | 0.1372% | 0.000003758 | $1,787,610,527.44 | 1.00010 | 51 | 54 |
| 6-May | 0.1259% | 0.000003450 | $1,769,066,117.11 | 1.00009 | 53 | 56 |
| 7-May | 0.1259% | 0.000003450 | $1,769,066,117.11 | 1.00009 | 53 | 56 |
| 8-May | 0.1259% | 0.000003450 | $1,769,066,117.11 | 1.00009 | 53 | 56 |
| 9-May | 0.1249% | 0.000003423 | $1,760,635,063.97 | 1.00010 | 51 | 53 |
| 10-May | 0.1246% | 0.000003415 | $1,759,639,310.40 | 1.00010 | 51 | 53 |
| 11-May | 0.1236% | 0.000003386 | $1,725,526,045.06 | 1.00010 | 52 | 54 |
| 12-May | 0.1303% | 0.000003570 | $1,722,890,937.08 | 1.00010 | 46 | 53 |
| 13-May | 0.1361% | 0.000003730 | $1,725,706,458.22 | 1.00009 | 46 | 53 |
| 14-May | 0.1361% | 0.000003730 | $1,725,706,458.22 | 1.00009 | 46 | 53 |
| 15-May | 0.1361% | 0.000003730 | $1,725,706,458.22 | 1.00009 | 46 | 53 |
| 16-May | 0.1494% | 0.000004092 | $1,740,972,100.25 | 1.00011 | 43 | 50 |
| 17-May | 0.1348% | 0.000003692 | $1,741,922,525.83 | 1.00011 | 43 | 49 |
| 18-May | 0.1394% | 0.000003818 | $1,722,894,869.28 | 1.00010 | 43 | 44 |
| 19-May | 0.1403% | 0.000003843 | $1,718,698,704.58 | 1.00010 | 42 | 44 |
| 20-May | 0.1386% | 0.000003798 | $1,716,733,262.44 | 1.00009 | 42 | 44 |
| 21-May | 0.1386% | 0.000003798 | $1,716,733,262.44 | 1.00009 | 42 | 44 |
| 22-May | 0.1386% | 0.000003798 | $1,716,733,262.44 | 1.00009 | 42 | 44 |
| 23-May | 0.1364% | 0.000003738 | $1,717,383,247.14 | 1.00010 | 41 | 43 |
| 24-May | 0.1325% | 0.000003630 | $1,699,083,831.49 | 1.00010 | 42 | 44 |
| 25-May | 0.1342% | 0.000003678 | $1,674,171,634.76 | 1.00010 | 45 | 47 |
| 26-May | 0.1382% | 0.000003785 | $1,687,031,252.29 | 1.00010 | 45 | 47 |
| 27-May | 0.1378% | 0.000003774 | $1,683,687,565.18 | 1.00009 | 46 | 47 |
| 28-May | 0.1378% | 0.000003774 | $1,683,687,565.18 | 1.00009 | 46 | 47 |
| 29-May | 0.1378% | 0.000003774 | $1,683,687,565.18 | 1.00009 | 46 | 47 |
| 30-May | 0.1378% | 0.000003774 | $1,683,687,565.18 | 1.00009 | 46 | 47 |
| 31-May | 0.1494% | 0.000004092 | $1,649,189,281.44 | 1.00010 | 43 | 45 |
| Averages | 0.1369% | 0.000003751 | $1,724,302,559.99 | 1.00010 | 47 | 50 |

# TEXPOOL

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

QE3, Chairman Ben Bernanke and the majority of FOMC members will be loathe to raise benchmark interest rates until the economy picks up steam. In our view, the recent growth slowdown will prove transitory, owing in large measure to the temporary impact of Japan's tragic earthquake and to rising commodity prices, which appear to have peaked. Assuming growth revives this fall, the first rate hike is still possible in the fourth quarter of 2011 or the first quarter of next year. Importantly, we expect market interest rates to start moving higher before policy rates as evidence emerges that the economy is reaccelerating. For that reason, we continued to focus new purchases in TexPool and TexPool Prime in floating rate securities and those which mature within a few months. Each pool is positioned to benefit from rising cash yields while avoiding the substantial interest rate risk that would accompany a sharp rise in rate expectations on the value of longer-dated paper.

**TexPool & TexPool Prime VS. 90-Day Treasury Bill**




*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 day Treasury bill is a weighted average rate of the weekly auctions of 90-day treasury bills.*