QUARTERLY FINANCIAL REPORT

PERFORMANCE SUMMARY

1st Quarter 2013-14

	Current Month	Year to Date	Chart
GENERAL FUND			
Total Revenues as a % of Budget Compared to Prior Year	N/A	NEUTRAL	A
Total Expenditures as a % Budget Compared to Prior Year	N/A	POSITIVE	B
Property Tax Collection Analysis	POSITIVE	NEGATIVE	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	POSITIVE	POSITIVE	E
ENTERPRISE FUND			
Water Billing Analysis	POSITIVE	POSITIVE	F
Sewer Billing Analysis	POSITIVE	POSITIVE	G
Expense Analysis	NEGATIVE	NEGATIVE	H
HOTEL OCCUPANCY TAX REVENUE			
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
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	POSITIVE	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.
NEUTRAL	Neutral = Variance is less than 1%

GENERAL FUND

CHART A

TOTAL REVENUE THROUGH DECEMBER 31, 2013

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,296,867	879,687	20.47%	18.74%
Penalities & Interest	45,000	5,155	11.46%	8.53%
Sales Tax	1,442,840	384,047	26.62%	24.28%
Franchise Tax	665,000	198,622	29.87%	29.20%
Other Tax	92,000	0	0.00%	0.00%
License & Permits	120,000	35,899	29.92%	17.97%
Charges for Services	42,000	3,526	8.40%	19.24%
DOT Fines	60,000	2,533	4.22%	18.50%
Other Municipal Court Fees	380,000	84,212	22.16%	22.41%
Interest Income	5,065	184	3.63%	15.29%
Intergovernmental	523,428	161,214	30.80%	31.84%
Other Revenue	44,100	7,908	17.93%	13.70%
Transfers from Enterprise Fund	1,571,744	392,936	25.00%	25.00%
Payment for Services-EDC	125,000	31,250	25.00%	25.00%
Total Revenues	9,413,044	2,187,172	23.24%	23.51%

CHART B

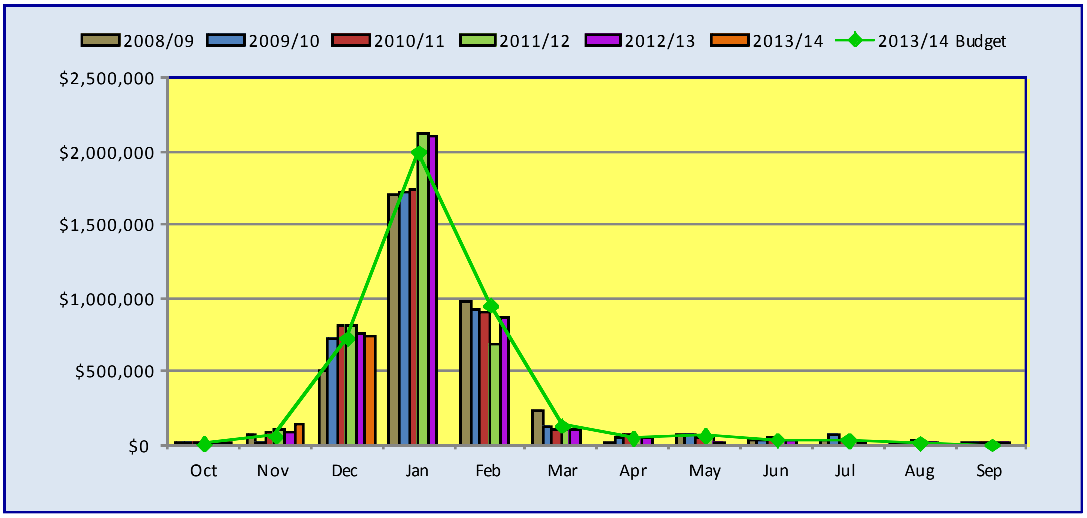
TOTAL EXPENDITURES THROUGH DECEMBER 31, 2013

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,414,520	1,808,566	28.19%	27.04%
Supplies	302,702	74,211	24.52%	22.03%
Services	2,449,807	790,750	32.28%	29.35%
Capital	220,500	0	0.00%	9.69%
Oper Transfer to Other Funds	0	0	0.00%	0.00%
Total Expenditures	9,387,529	2,673,527	28.48%	26.84%

GENERAL FUND-continued

CHART C

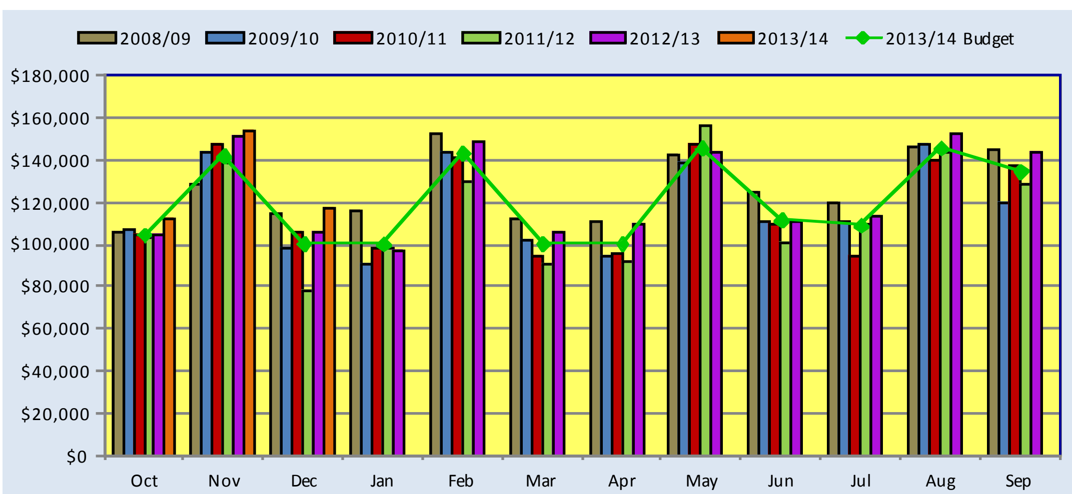
PROPERTY TAX ANALYSIS



2012/13 Budget is divided into months based on the monthly percentages of the last 5 years' collections.

CHART D

SALES TAX ANALYSIS

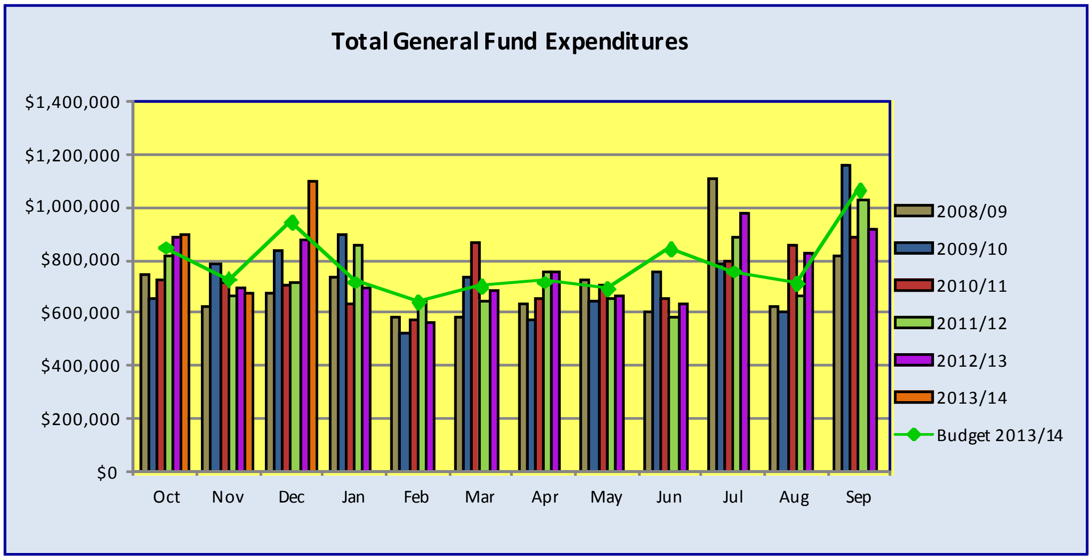


2012/13 Budget is divided into months based on the monthly percentages of the last 5 years' activity of sales tax revenue.

GENERAL FUND-continued

CHART E

EXPENDITURE ANALYSIS



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

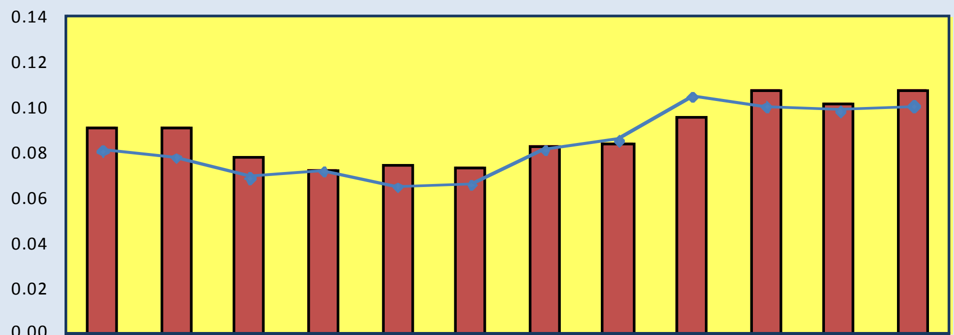
High expenditures in September 2010 are due to city hall A/C replacement.

ENTERPRISE FUND

CHART F

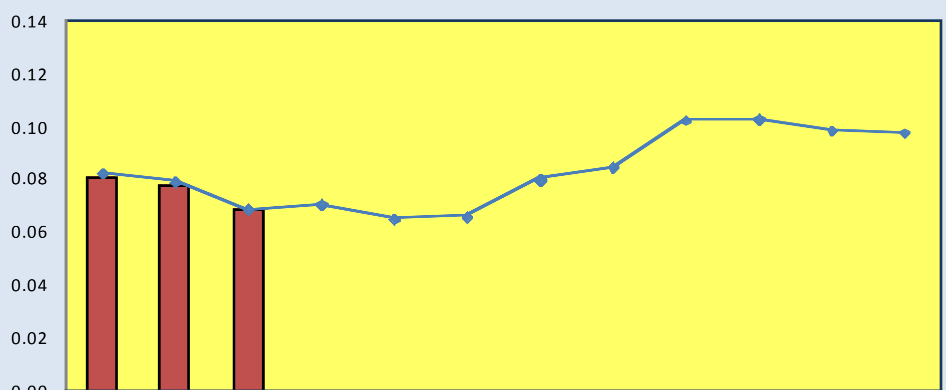
W ATER BILLING ANALYSIS

Average Percent of Water Billings by Month vs. 2012/13 Percent of Budgeted Billings



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2012/13	0.0911	0.0903	0.0776	0.0715	0.0737	0.0733	0.0823	0.0834	0.0957	0.1069	0.1008	0.1077
Average	0.0807	0.0778	0.0688	0.0718	0.0649	0.0657	0.0811	0.0853	0.1047	0.1004	0.0983	0.1005

Average Percent of Water Billings by Month vs. 2013/14 Percent of Budgeted Billings

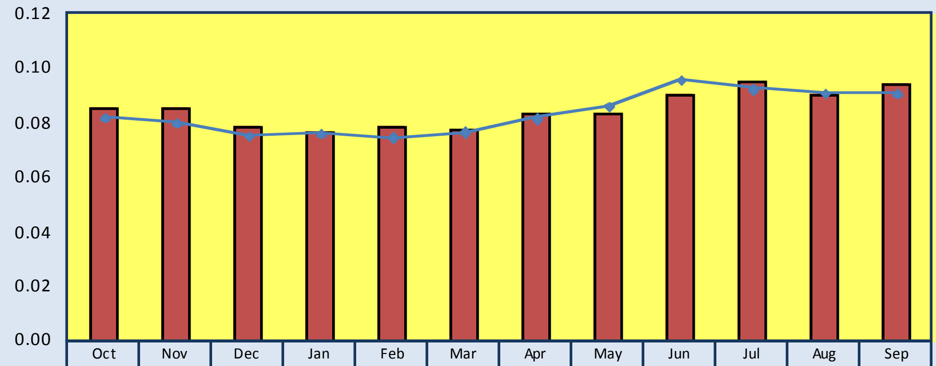


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2013/14	0.0801	0.0777	0.0685	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Average	0.0826	0.0792	0.0691	0.0707	0.0652	0.0661	0.0802	0.0848	0.1024	0.1030	0.0988	0.0979

CHART G

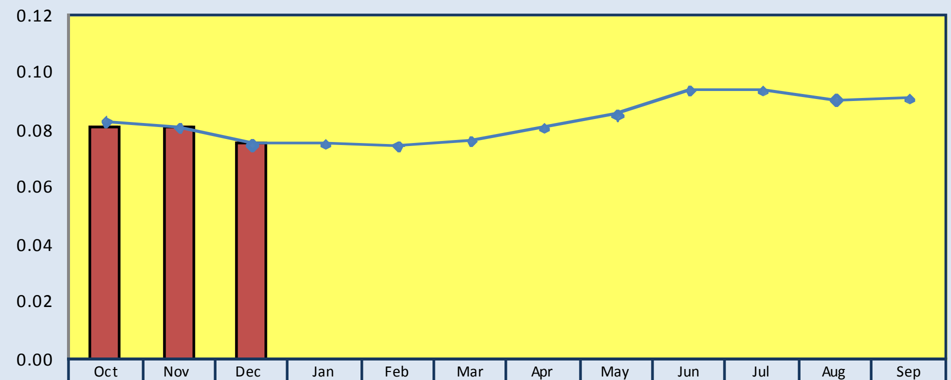
W ASTEW ATER BILLING ANALYSIS

Average Percent of Wastewater Billings by Month vs. 2012/13 Percent of Budgeted Billings



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2012/13	0.0849	0.0846	0.0781	0.0764	0.0776	0.0769	0.0828	0.0834	0.0899	0.0948	0.0901	0.0938
Average	0.0816	0.0797	0.0751	0.0758	0.0746	0.0765	0.0815	0.0860	0.0956	0.0923	0.0907	0.0906

Average Percent of Wastewater Billings by Month vs. 2013/14 Percent of Budgeted Billings

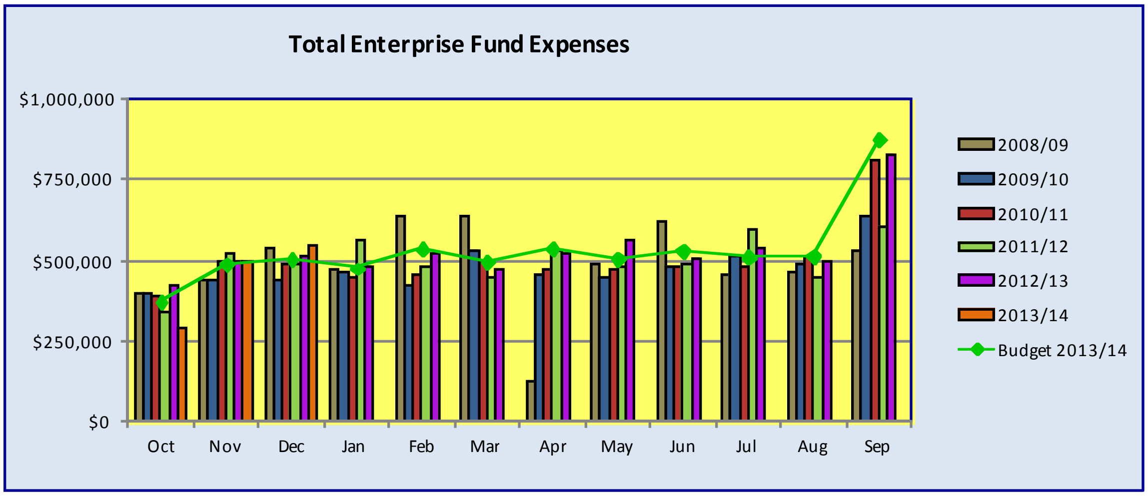


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2013/14	0.0812	0.0808	0.0749	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Average	0.0831	0.0808	0.0749	0.0751	0.0745	0.0762	0.0807	0.0854	0.0940	0.0937	0.0907	0.0909

ENTERPRISE FUND-continued

CHART H

EXPENDITURE ANALYSIS



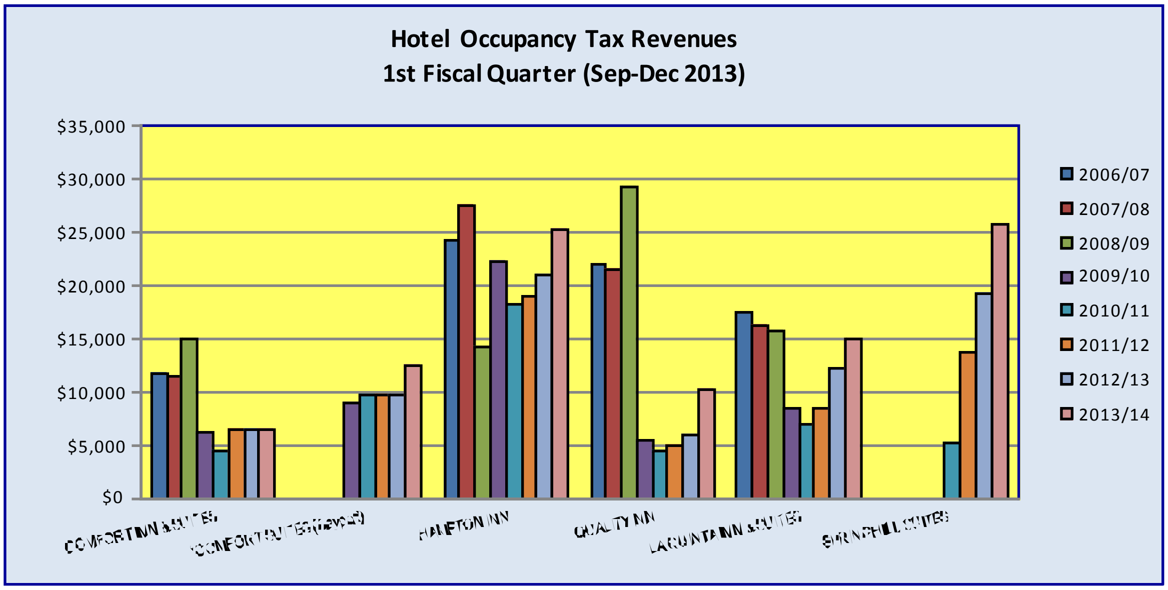
Low expenses April 2009 due to TML insurance reimbursement for IKE

Sept 2013 and Nov 2013 EXCLUDE property acquisition

HOTEL TAX FUND

CHART I

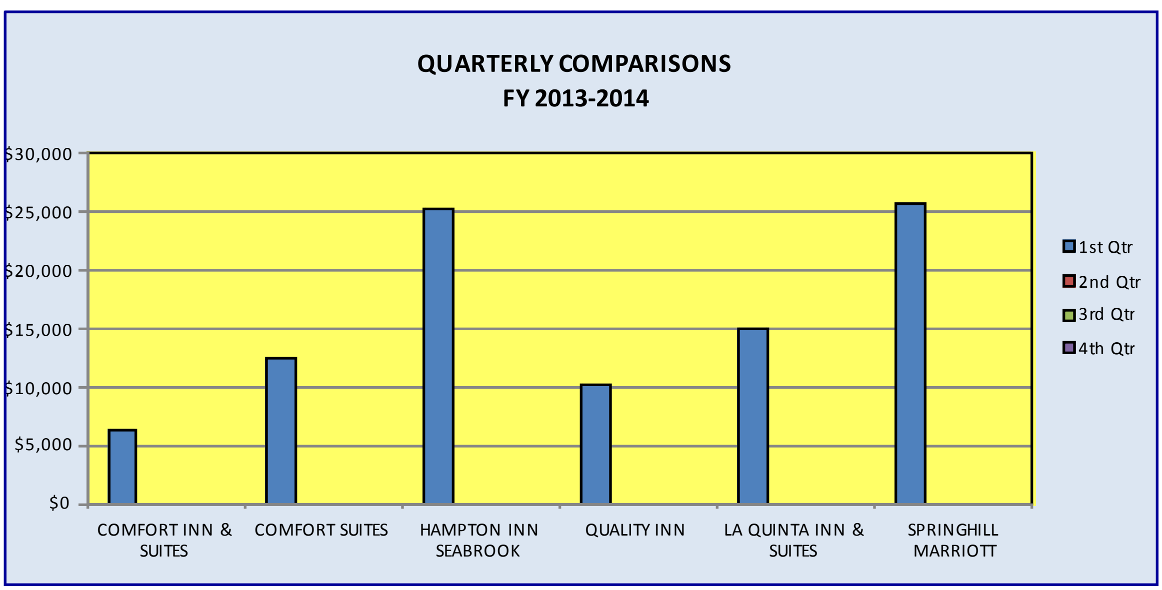
HOTEL TAX REVENUE ANALYSIS



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

CHART J

HOTEL TAX REVENUE



SEABROOK EDC

CHART K

SALES TAX REVENUE ANALYSIS

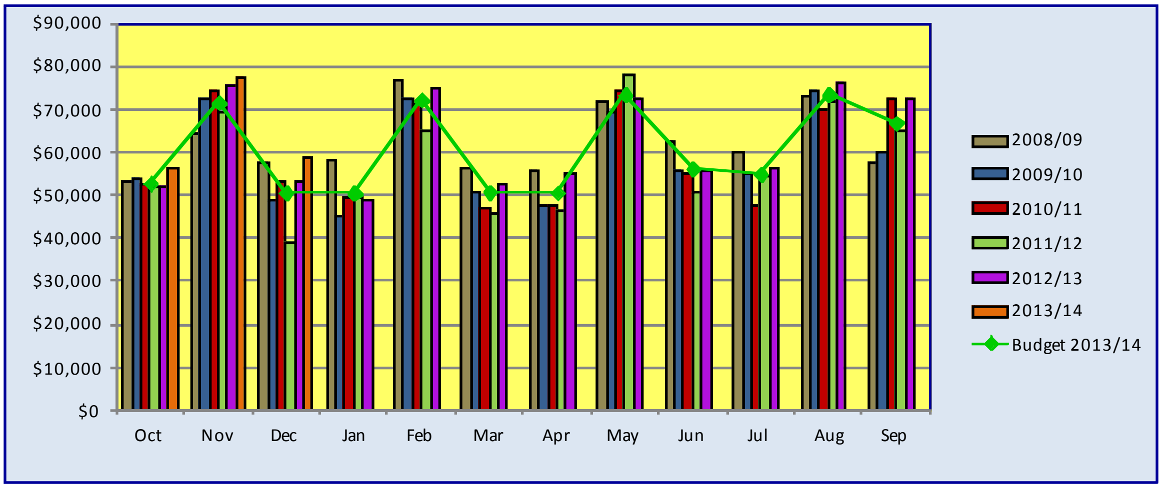
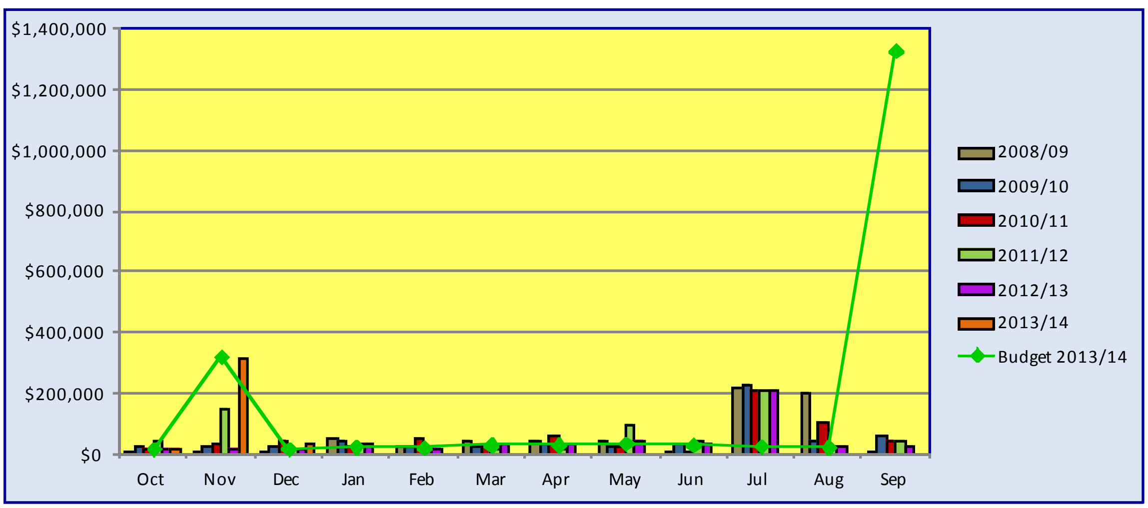


CHART L

EXPENDITURE ANALYSIS



2012/13 expenditure budget above does include $900k appropriated for the Waterfront Project.
High exp in Nov 2011 was due to Gateway sign.

CRIME DISTRICT

CHART M

SALES TAX REVENUE ANALYSIS

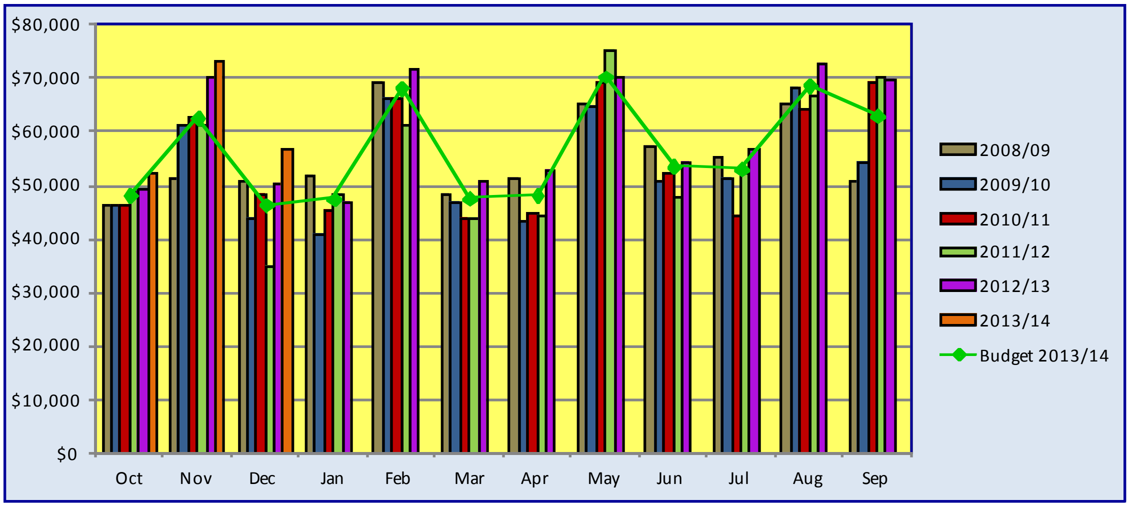
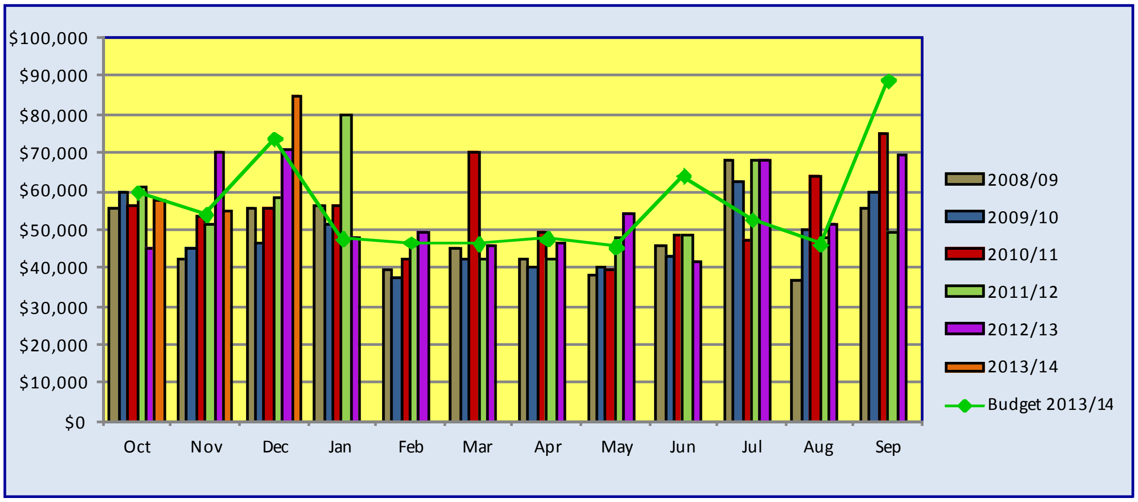


CHART N

EXPENDITURE ANALYSIS



INVESTMENTS

CHART O

QUARTERLY INVESTMENT REPORT

TEXPOOL REPORT

1ST QUARTER 2013-14
AVERAGE RATE 0.0439%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Oct)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	3,177,374.62	(999,260.08)	268.36	2,178,382.90	Working capital
ENTERPRISE FUND - UNRESTRIC	2,687,397.13	(1,051,115.39)	273.97	1,636,555.71	Working capital
ENTERPRISE FUND - RESTRICTEI	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,210,975.77	0.00	244.39	2,211,220.16	Water & sewer lines extensions & expansions
PARK FEES	15,715.67	0.00	1.75	15,717.42	Reserved for acquisition & development of park land
CHILD SAFETY PROGRAMS	15,119.60	0.00	1.67	15,121.27	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	102,067.20	(20,000.00)	10.32	82,077.52	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	872,218.97	14,911.47	97.80	887,228.24	Restricted for promotion of tourism
DEBT SERVICE FUND	1,713,691.89	322,832.17	192.03	2,036,716.09	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	381,990.61	0.00	42.23	382,032.84	Funds transferred from Bond Mkt Acct to allow liquidity
FIRE BONDS	394,315.31	(230,000.00)	33.09	164,348.40	Funds transferred from Bond Mkt Acct to allow liquidity
STREET BONDS	(0.00)	0.00	0.00	(0.00)	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	2,569.77	0.00	0.28	2,570.05	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	332,589.78	0.00	36.76	332,626.54	
CRIME DISTRICT	226,973.56	(22,468.46)	23.58	204,528.68	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - UNRESTRICTED	1,818,929.52	(1,142,365.57)	157.07	676,721.02	Seabrook Economic Development Corporation II
SEDC II - RESTRICTED FOR BONI	223,755.00	(223,755.00)	incl in above	0.00	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	44,073.65	0.00	4.87	44,078.52	
PUBLIC SAFETY	65,150.09	0.00	7.21	65,157.30	
MUNI COURT - SECURITY FUND	23,655.02	(2,000.00)	2.42	21,657.44	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	10,033.74	(411.64)	1.11	9,623.21	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	6,482.48	0.00	0.71	6,483.19	
PEG Fund	367.50	(367.50)	0.00	0.00	
STABILIZATION FUND	801,290.97	0.00	88.58	801,379.55	
TOTAL TEXPOOL FUND	15,606,737.85	(3,354,000.00)	1,488.20	$12,254,226.05	

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

We would like to recognize and welcome the following entities who joined the TexPool program in October 2013:

TexPool
- Travis County MUD 18
- Williamson County MUD 25
- City of Universal City
- Azle Municipal Development District

TexPool *Prime*
- Boerne ISD
- East Central ISD

Upcoming Events

12/08/13 – 12/11/13
GTOT
Fort Worth

TexPool Advisory Board Members

R.C. Allen	LaVonne Mason
Pati Buchenau	John McGrane
Jose Elizondo, Jr.	Clay McPhail
Ron Leverett	Vivian Wood

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

Federated.

Federated, founded in 1955, is publicly traded on the NYSE. It is one of the largest managers of AAA-rated money market portfolios in the country *(Source: iMoneyNet as of 8/31/13).*

Visit us at FederatedInvestors.com.

G35884-24 (11/13)

Monthly Newsletter November 2013

Economic and Market Commentary

Month in Cash: Don't get spooked by the headlines

November 1, 2013

There's no doubt last month's debt-ceiling showdown was unnerving, if for no other reason than it was impossible to escape the scary headlines. But the reality is the consensus view in the money market was pretty much steady as she goes. That may not sell newspapers, attract TV viewers or generate a lot of website clicks, but it does create opportunity for those who remain calm and stick to business. For example, when a few major traders garnered a lot of attention for getting out of very short Treasuries, helping cause yields on one-month T-bills to reach as high as 60 basis points in the hours just before a deal was struck on Oct. 16, we were able to add some inexpensive Treasury paper to our prime portfolios. This isn't something we often do. In fact, the last time we actually held any Treasury securities in our prime portfolios was for liquidity purposes pre-Y2K, when it was feared computers may trip up as the year rolled over from 1999 to 2000. This time, the move was made simply to take advantage of yields that were reflective not of default risk but of liquidity changes—as a few major traders got out of very short Treasuries, supply and thus yields rose significantly. It's a two-way market, and from a yield perspective, we along with many others were on the more generous consensus side of this trade.

That said, the government cash market was quick to normalize once the "debt-ceiling can" got kicked again, this time to early February. That is to say, Treasury yields have fallen back to low single-digit pre-government shutdown levels, and the overall money market remains settled in the extremely low rate environment with which we've been dealing for longer than we care to acknowledge. The good news is there has been a little more positive tone of late along the short end of the cash yield curve—overnight to a couple of weeks—thanks to the Fed. As you may recall, the central bank in September began testing its plan for using overnight reverse repos as a way to manage its eventual exit from extraordinary monetary accommodation by selling overnight securities in the marketplace. While the rates are low—the first batches were sold at 1 basis point, more recent sales have been at 2 basis points and the Fed could go as high as 5 basis points—they have acted to set a floor in the market by forcing banks and other overnight repo dealers to raise rates to attract buyers (i.e., why would a buyer pay 2 basis points for a low-risk bank repo if it can get the same rate from the risk-free Fed?). This has helped push rates on overnight repos up from the low single digits to the high single digits.

The cash market got another lift from the Fed when, in their post-meeting statement following the Oct. 29-30 Federal Open Market Committee Meeting, policymakers didn't close the door on any kind of potential tapering move this year. We still think the Fed won't begin paring the $85 billion in monthly Treasury and agency purchases until March at the earliest, but the statement wasn't as dovish as the market was expecting. Policymakers didn't really change their slightly more bullish economic outlook since they last met in September—they didn't even reference the government shutdown. Maybe it's just you read into the statement what you want to see, but it seems that message between the lines was the bias remains for rates to

(continued page 6)

PERFORMANCE AS OF OCTOBER 31, 2013

	TexPool	TexPool Prime
Current Invested Balance	$14,267,039,424.80	$1,023,680,336.52
Weighted Average Maturity (1)*	51 Days	41 Days
Weighted Average Maturity (2)*	75 Days	51 Days
Net Asset Value	1.00006	1.00003
Total Number of Participants	2,301	167
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	$589,427.86	$72,974.60
Management Fee Collected	$561,529.40	$54,408.96
Standard & Poor's Current Rating	AAAm	AAAm

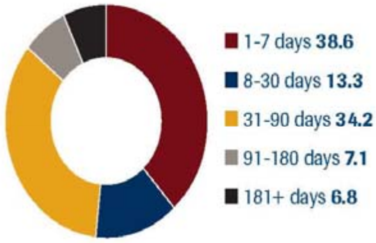
Month Averages

Average Invested Balance	$14,015,965,452.60	$1,000,090,762.36
Average Monthly Yield, on a simple basis (3)*	0.05%	0.09%
Average Weighted Average Maturity (1)*	50 Days	44 Days
Average Weighted Average Maturity (2)*	71 Days	54 Days

**Definitions for Average Monthly Yield and Weighted Average Maturity can be found on page 2.*

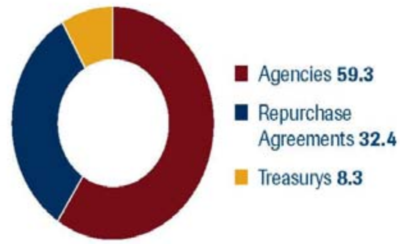
Portfolio by Maturity (%)

As of October 31, 2013



Portfolio by Type of Investment (%)

As of October 31, 2013



PORTFOLIO ASSET SUMMARY AS OF OCTOBER 31, 2013

	Book Value	Market Value
Uninvested Balance	$1,355.28	$1,355.28
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	10,910,146.95	10,910,146.95
Interest and Management Fees Payable	-589,423.40	-589,423.40
Payable for Investments Purchased	-130,748,056.48	-130,748,056.48
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	4,659,382,000.00	4,659,396,770.00
Mutual Fund Investments	0.00	0.00
Government Securities	8,539,374,128.53	8,540,127,973.62
US Treasury Bills	427,470,857.28	427,481,062.50
US Treasury Notes	761,238,416.64	761,198,243.00
Total	**$14,267,039,424.80**	**$14,267,778,071.47**

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	572	$4,309,359,486.74
Higher Education	56	$1,189,266,850.90
Healthcare	80	$477,401,035.40
Utility District	706	$1,393,158,552.45
City	449	$4,174,434,906.39
County	174	$1,111,328,525.86
Other	264	$1,611,849,266.10

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

(1) "WAM Days" 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.

(2) "WAM Days" is calculated in the same manner as the described in footnote 1, 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.

Definition of Average Monthly Yield (3)

(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

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)
10/01	0.0457%	0.000001251	$14,052,069,404.14	1.00008	58	75
10/02	0.0345%	0.000000945	$14,077,353,154.16	1.00008	55	72
10/03	0.0334%	0.000000916	$14,188,658,060.44	1.00007	54	71
10/04	0.0350%	0.000000959	$14,132,379,900.85	1.00007	54	70
10/05	0.0350%	0.000000959	$14,132,379,900.85	1.00007	54	70
10/06	0.0350%	0.000000959	$14,132,379,900.85	1.00007	54	70
10/07	0.0343%	0.000000939	$14,083,179,733.90	1.00006	52	68
10/08	0.0445%	0.000001219	$14,079,283,963.09	1.00003	51	67
10/09	0.0383%	0.000001049	$14,002,498,739.67	1.00001	49	64
10/10	0.0677%	0.000001854	$13,856,138,880.24	0.99998	51	66
10/11	0.0523%	0.000001434	$13,855,500,952.34	0.99999	50	66
10/12	0.0523%	0.000001434	$13,855,500,952.34	0.99999	50	66
10/13	0.0523%	0.000001434	$13,855,500,952.34	0.99999	50	66
10/14	0.0523%	0.000001434	$13,855,500,952.34	0.99999	50	66
10/15	0.0582%	0.000001595	$13,792,622,059.55	0.99996	47	63
10/16	0.0741%	0.000002031	$13,826,541,594.99	0.99998	50	68
10/17	0.0753%	0.000002062	$13,814,306,589.26	1.00004	51	74
10/18	0.0673%	0.000001845	$13,795,982,050.31	1.00005	50	77
10/19	0.0673%	0.000001845	$13,795,982,050.31	1.00005	50	77
10/20	0.0673%	0.000001845	$13,795,982,050.31	1.00005	50	77
10/21	0.0477%	0.000001308	$13,716,075,847.66	1.00006	49	75
10/22	0.0448%	0.000001228	$13,790,257,939.75	1.00007	48	76
10/23	0.0423%	0.000001159	$13,768,714,069.35	1.00007	48	75
10/24	0.0449%	0.000001229	$13,766,527,574.67	1.00006	47	77
10/25	0.0482%	0.000001321	$14,386,531,793.67	1.00006	46	71
10/26	0.0482%	0.000001321	$14,386,531,793.67	1.00006	46	71
10/27	0.0482%	0.000001321	$14,386,531,793.67	1.00006	46	71
10/28	0.0477%	0.000001308	$14,315,898,551.05	1.00006	47	71
10/29	0.0481%	0.000001319	$14,333,207,808.61	1.00005	47	71
10/30	0.0465%	0.000001275	$14,397,870,591.52	1.00006	47	71
10/31	0.0555%	0.000001521	$14,267,039,424.80	1.00006	51	75
Average	**0.0498%**	**0.000001365**	**$14,015,965,452.60**	**1.00004**	**50**	**71**

TEXPOOL

Participant Services
1001 Texas Ave. 14th Floor
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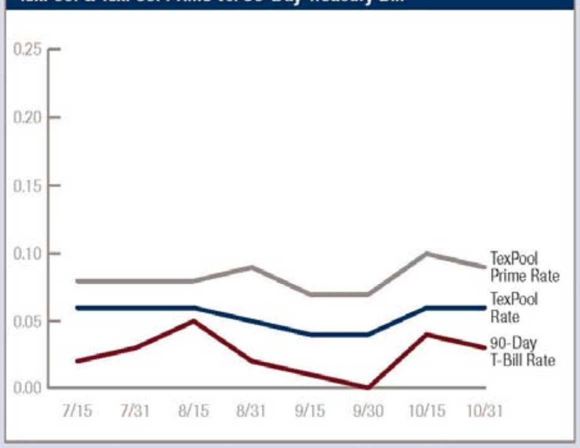
(continued from page 1)

rise over the course of 2014 and for the yield curve to steepen. The Fed reiterated that whatever it does will be data dependent, and while the numbers may be messy for a bit because of all the temporary furloughs from the 16-day shutdown as well as the delays in awarding contracts and actually collecting data, many fundamentals still appear good. Third-quarter earnings have been relatively strong, state and local government finances continue to improve, the federal deficit continues to shrink and the economy continues to grow albeit sluggishly.

To be sure, the potential for another Washington showdown exists, starting with the Dec. 13 deadline for a House-Senate conference committee agreement on a budget, followed by the Jan. 15 deadline for approving a budget, followed by a Feb. 7 deadline for extending the debt ceiling again. These cascading deadlines alone argue for the Fed to play a waiting game before acting. But from our perspective, the outlook for money market rates is improving. Supply and liquidity in the marketplace are good. And while we don't think the Fed will move its target fed funds rate at all next year, we do expect it will begin to taper and to continue its reverse repo program in a larger way. Yields will remain low, make no mistake, but they should widen from current levels somewhat. In the meantime, in our TexPool and TexPool *Prime* products, we are finding some value in a large six-month Cash Management Bill issued after the Oct. 17 debt-ceiling extension and in extendable floating-rate securities.

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 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.

TEXPOOL

ANNOUNCEMENTS

Upcoming Events

12/08/13 – 12/11/13
GTOT
Fort Worth

1/26/14 – 1/29/14
TASA Midwinter Conference
Austin

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

Federated.

Federated, founded in 1955, is publicly traded on the NYSE. It is one of the largest managers of AAA-rated money market portfolios in the country *(Source: iMoneyNet as of 8/31/13).*

Visit us at FederatedInvestors.com.

G35884-24 (12/13)

Monthly Newsletter December 2013

Economic and Market Commentary

Month in Cash: Has the low-rate paradigm started to shift?

December 1, 2013

One of the challenges of doing these monthly updates the past few years is the underlying narrative hasn't really changed all that much. Ever since the Federal Reserve unleashed ultra-accommodation five years ago this month, we've been dealing with a cash yield curve that shifted rapidly and sharply downward. Periodic eruptions in Europe and Washington have added the occasional drama and subsequent bump up in yields—and we could get another round of such the next few months as yet another potential showdown over a continuing budget resolution and debt ceiling looms. But the struggle for those who deal with the money markets has been and continues to be how to find value in an extremely low-rate environment, which in the case of our TexPool products, was found in the past month in floating-rate agency securities and Treasuries maturing in April.

If we look beyond this reality, however, there are signs this paradigm may be beginning to shift. We got a taste of this in the minutes from late October's Federal Reserve policymakers meeting. They contained a more optimistic discussion than many expected, raising the possibility that quantitative-easing's bond purchases could begin to slow as early as December. Everybody, including us, had discounted the time frame for such tapering well into 2014's first quarter, after January's budget resolution and February's debt-ceiling deadlines are dealt with. While that's still the likely case, the minutes indicated the Fed realizes QE can't—and shouldn't—last forever. To be sure, outgoing Fed Chairman Ben Bernanke and other Fed governors were quick to differentiate between tapering, which impacts the longer end of the yield curve, and tightening, which is largely on the cash portion. Even as the Fed tapers and eventually ends QE, it made clear tightening via increases in the target funds rate isn't automatically up next. Labor market and inflation data would have to justify a hike and neither is anywhere close to such now.

Secondly, it appears the overnight reverse repo program the Fed is testing in all likelihood will be extended beyond its January deadline, with the possibility that agency securities will be added to the mix. The reverse repo rates, which started at 1 basis point on Treasuries when the Fed first began offering them in September and now are at the maximum 5 basis points, have acted to set a floor in the marketplace by forcing banks and other overnight repo dealers to raise their rates to attract buyers (as we've noted before, why would a buyer pay 5 basis points for a low-risk bank repo if it can get the same rate from the risk-free Fed). This program, part of the central bank's strategy to manage its eventual exit from the aforementioned extraordinary monetary accommodation, has helped to both push overnight repo rates up from the low single digits to the high single digits, and raise the shortest end of the curve (securities with maturities of 30 days or

(continued page 6)

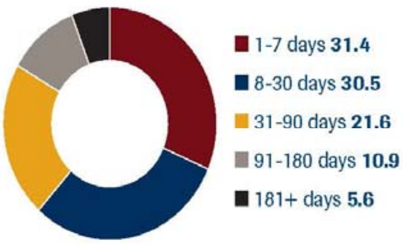
PERFORMANCE AS OF NOVEMBER 30, 2013

	TexPool	TexPool Prime
Current Invested Balance	$14,025,979,900.00	$1,021,843,522.53
Weighted Average Maturity (1)*	48 Days	38 Days
Weighted Average Maturity (2)*	75 Days	47 Days
Net Asset Value	1.00003	1.00002
Total Number of Participants	2,301	167
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	$522,519.75	$65,103.93
Management Fee Collected	$554,821.06	$53,981.27
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	$14,247,920,869.39	$1,028,000,024.67
Average Monthly Yield, on a simple basis (3)*	0.04%	0.08%
Average Weighted Average Maturity (1)*	50 Days	40 Days
Average Weighted Average Maturity (2)*	74 Days	50 Days

**Definitions for Average Monthly Yield and Weighted Average Maturity can be found on page 2.*

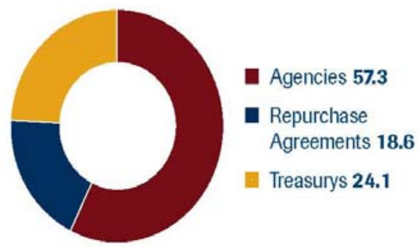
Portfolio by Maturity (%)

As of November 30, 2013



Portfolio by Type of Investment (%)

As of November 30, 2013



PORTFOLIO ASSET SUMMARY AS OF NOVEMBER 30, 2013

	Book Value	Market Value
Uninvested Balance	$362,920.63	$362,920.63
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	10,993,259.22	10,993,259.22
Interest and Management Fees Payable	-522,518.50	-522,518.50
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	2,610,715,000.00	2,610,672,950.00
Mutual Fund Investments	0.00	0.00
Government Securities	8,024,992,680.78	8,025,415,387.55
US Treasury Bills	1,849,940,499.97	1,849,952,650.00
US Treasury Notes	1,529,498,057.90	1,529,339,610.00
Total	**$14,025,979,900.00**	**$14,026,214,258.90**

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	572	$4,320,459,078.63
Higher Education	56	$1,199,737,998.53
Healthcare	80	$495,565,293.27
Utility District	706	$1,428,489,603.51
City	449	$3,936,867,908.98
County	174	$1,068,706,117.22
Other	264	$1,575,922,185.82

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

(1) "WAM Days" 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.

(2) "WAM Days" is calculated in the same manner as the described in footnote 1, 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.

Definition of Average Monthly Yield (3)

(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

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)
11/1	0.0590%	0.000001616	$14,354,848,881.43	1.00006	51	75
11/2	0.0590%	0.000001616	$14,354,848,881.43	1.00006	51	75
11/3	0.0590%	0.000001616	$14,354,848,881.43	1.00006	51	75
11/4	0.0451%	0.000001235	$14,357,600,012.02	1.00006	49	73
11/5	0.0449%	0.000001229	$14,343,459,820.58	1.00005	51	74
11/6	0.0434%	0.000001188	$14,365,224,388.14	1.00006	51	73
11/7	0.0454%	0.000001244	$14,436,840,858.66	1.00005	52	74
11/8	0.0445%	0.000001219	$14,546,894,184.42	1.00003	52	73
11/9	0.0445%	0.000001219	$14,546,894,184.42	1.00003	52	73
11/10	0.0445%	0.000001219	$14,546,894,184.42	1.00003	52	73
11/11	0.0445%	0.000001219	$14,546,894,184.42	1.00003	52	73
11/12	0.0438%	0.000001200	$14,533,747,792.04	1.00005	49	70
11/13	0.0446%	0.000001222	$14,519,630,124.28	1.00005	50	71
11/14	0.0553%	0.000001515	$14,424,005,807.99	1.00004	50	72
11/15	0.0466%	0.000001277	$14,138,845,734.98	1.00004	52	73
11/16	0.0466%	0.000001277	$14,138,845,734.98	1.00004	52	73
11/17	0.0466%	0.000001277	$14,138,845,734.98	1.00004	52	73
11/18	0.0472%	0.000001294	$14,167,255,590.93	1.00003	49	71
11/19	0.0349%	0.000000956	$14,264,667,790.49	1.00003	49	74
11/20	0.0459%	0.000001257	$14,192,854,449.98	1.00005	49	77
11/21	0.0367%	0.000001005	$14,078,008,101.74	1.00005	49	77
11/22	0.0387%	0.000001059	$13,902,282,425.21	1.00004	50	78
11/23	0.0387%	0.000001059	$13,902,282,425.21	1.00004	50	78
11/24	0.0387%	0.000001059	$13,902,282,425.21	1.00004	50	78
11/25	0.0494%	0.000001353	$14,099,575,669.12	1.00004	48	75
11/26	0.0386%	0.000001057	$14,070,185,500.85	1.00004	45	71
11/27	0.0365%	0.000001000	$14,078,551,256.16	1.00005	47	73
11/28	0.0365%	0.000001000	$14,078,551,256.16	1.00005	47	73
11/29	0.0395%	0.000001081	$14,025,979,900.00	1.00003	48	75
11/30	0.0395%	0.000001081	$14,025,979,900.00	1.00003	48	75
Average	**0.0446%**	**0.000001222**	**$14,247,920,869.39**	**1.00004**	**50**	**74**

TexPool

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1001 Texas Ave. 14th Floor
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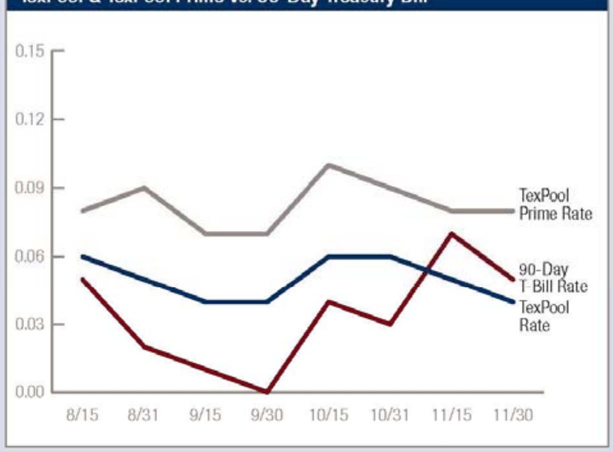
(continued from page 1)

less). That's good from a liquidity perspective. Just do the math: if a money fund manager keeps 30% of a portfolio in overnight securities, and the rate goes from 3 to 7 basis points because of the Fed's action, the return on that portion will have more than doubled.

Finally, from an economic perspective, it feels as if we're making some progress. The ISM manufacturing and service sector gauges continue to go up. October was a relatively good month for employment, with job gains coming in at almost double consensus and prior months revised substantially up, too. Retail sales also beat forecasts. Housing sales and starts have hit a little bit of lull, some of which may be seasonal, but the numbers are coming off such a low base that as long as housing stays even neutral, the economy should be OK. Perhaps most notably, despite all the handwringing, the 16-day government shutdown doesn't appear to have had much of an impact at all. True, it's not a strong rebound or recovery. But it's enough of one that, just as is the case on the long end of the yield curve, the bias for short rates may be more up than down in the coming year.

TexPool & TexPool Prime vs. 90-Day Treasury Bill



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TEXPOOL

ANNOUNCEMENTS

Upcoming Events

01/26/14 – 01/29/14
TASA MidWinter Conference
Austin

02/09/14 – 02/12/14
TAAD
Ft. Worth

02/24/14 – 02/28/14
TASBO Annual Conference
Austin

TexPool Advisory Board Members

R.C. Allen
Pati Buchenau
Jose Elizondo, Jr.
Ron Leverett
LaVonne Mason
John McGrane
Clay McPhail
Vivian Wood

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:

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Visit us at FederatedInvestors.com.

G35884-24 (1/14)

Monthly Newsletter January 2014

Economic and Market Commentary

Month in Cash: A little closer to normalcy

January 1, 2014

After five years of historically low cash rates, relief appears to be on this year's horizon. OK, we know you've been promised rate-relief before, only to see it evaporate. But there's good reason to believe it will bear out this time around. Economic growth clearly has picked up in the U.S. and elsewhere, including Japan and the eurozone. A two-year budget deal struck between House Republicans and Senate Democrats has lessened the possibility of more policy shock out of Washington. And perhaps most important, the Federal Reserve has begun to let off the gas. Add this altogether, and the result is a macroeconomic and geopolitical environment that argues for a move toward normalcy in the money markets, i.e., a steepening cash-yield curve.

The speed and magnitude of this shift remains very much in question, to be sure. This month's initiation of tapering by the Fed is very modest, dropping the $85 billion in monthly asset purchases known as quantitative easing (QE) to just $75 billion. The post-December Federal Open Market Committee (FOMC) meeting statement and comments from Ben Bernanke in his subsequent press conference—his last as Fed chair—further reinforced the notion the target funds rate will remain effectively anchored at 0% well beyond the time when the unemployment rate drops below the 6.5% threshold, which could be breached as early as summer. In other words, any move up in short rates is going to be measured. But it seems to us that the takeaway from the December meeting is the bias on rates will be upward in 2014.

While December's unveiling of tapering plans was a bit of a surprise—it's possible Bernanke wanted to act so incoming successor Janet Yellen could start with a clean slate, i.e., this burden of when and how much to taper wouldn't be hanging over her head—we were encouraged the FOMC chose to split the $10 billion cut equally between Treasury and agency mortgage securities. It signaled the Fed is focused on the broader bond market and not just Treasuries, which generally are more volatile, prone to swings up and down on the on-again, off-again flight-to-quality trade whenever crises erupt. As long as the economic situation continues to improve without any major external shocks, we think the Fed is likely to bump up the pace of tapering as the year progresses. Even if it doesn't, it will be done with QE by 2015.

Moreover, from a money market perspective, the Fed's decision to extend and expand the overnight reverse repo facility that is being tested to manage its exit from all the

(continued page 6)

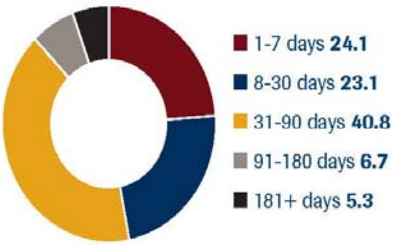
PERFORMANCE AS OF DECEMBER 31, 2013

	TexPool	TexPool Prime
Current Invested Balance	$15,933,929,606.07	$1,132,760,801.71
Weighted Average Maturity (1)*	51 Days	52 Days
Weighted Average Maturity (2)*	78 Days	61 Days
Net Asset Value	1.00003	1.00004
Total Number of Participants	2,301	167
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	$460,461.76	$59,272.14
Management Fee Collected	$583,001.81	$57,977.67
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	$14,616,633,390.52	$1,072,198,126.43
Average Monthly Yield, on a simple basis (3)*	0.04%	0.07%
Average Weighted Average Maturity (1)*	50 Days	55 Days
Average Weighted Average Maturity (2)*	78 Days	66 Days

Definitions for Average Monthly Yield and Weighted Average Maturity can be found on page 2.

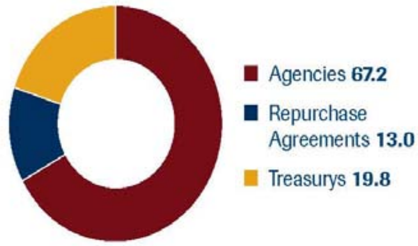
Portfolio by Maturity (%)

As of December 31, 2013



Portfolio by Type of Investment (%)

As of December 31, 2013



PORTFOLIO ASSET SUMMARY AS OF DECEMBER 31, 2013

	Book Value	Market Value
Uninvested Balance	$357.75	$357.75
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	15,415,685.49	15,415,685.49
Interest and Management Fees Payable	-460,440.11	-460,440.11
Payable for Investments Purchased	-50,000,000.00	-50,000,000.00
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	2,081,172,000.00	2,081,162,075.00
Mutual Fund Investments	0.00	0.00
Government Securities	10,578,155,580.77	10,578,579,484.23
US Treasury Bills	1,449,934,235.99	1,449,948,950.00
US Treasury Notes	1,859,712,186.18	1,859,598,387.20
Total	**$15,933,929,606.07**	**$15,934,244,499.56**

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	572	$5,141,008,213.33
Higher Education	56	$1,203,279,849.80
Healthcare	80	$576,158,586.31
Utility District	706	$1,544,787,783.23
City	449	$4,295,710,205.72
County	174	$1,556,552,992.87
Other	264	$1,616,200,987.81

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

**(1)"WAM Days" 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.*

**(2)"WAM Days" is calculated in the same manner as the described in footnote 1, 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.*

Definition of Average Monthly Yield (3)

**(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

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)
12/1	0.0395%	0.000001081	$14,025,979,900.00	1.00003	48	75
12/2	0.0385%	0.000001054	$14,044,118,527.26	1.00004	47	72
12/3	0.0371%	0.000001017	$14,068,732,814.00	1.00004	47	74
12/4	0.0362%	0.000000991	$14,153,469,509.88	1.00004	47	74
12/5	0.0354%	0.000000971	$14,266,536,325.15	1.00004	48	76
12/6	0.0369%	0.000001010	$14,154,878,741.72	1.00003	49	77
12/7	0.0369%	0.000001010	$14,154,878,741.72	1.00003	49	77
12/8	0.0369%	0.000001010	$14,154,878,741.72	1.00003	49	77
12/9	0.0364%	0.000000996	$14,184,833,381.90	1.00004	47	75
12/10	0.0363%	0.000000994	$14,226,517,034.69	1.00003	48	75
12/11	0.0351%	0.000000961	$14,304,442,302.07	1.00003	49	76
12/12	0.0355%	0.000000973	$14,259,201,066.06	1.00003	50	75
12/13	0.0380%	0.000001041	$14,401,236,483.82	1.00003	51	80
12/14	0.0380%	0.000001041	$14,401,236,483.82	1.00003	51	80
12/15	0.0380%	0.000001041	$14,401,236,483.82	1.00003	51	80
12/16	0.0413%	0.000001132	$14,423,620,652.13	1.00003	49	77
12/17	0.0380%	0.000001042	$14,612,596,117.78	1.00003	49	76
12/18	0.0387%	0.000001061	$14,526,385,788.56	1.00003	51	81
12/19	0.0405%	0.000001110	$14,444,910,254.61	1.00003	51	82
12/20	0.0411%	0.000001125	$14,689,207,825.32	1.00002	53	84
12/21	0.0411%	0.000001125	$14,689,207,825.32	1.00002	53	84
12/22	0.0411%	0.000001125	$14,689,207,825.32	1.00002	53	84
12/23	0.0385%	0.000001056	$14,803,031,087.68	1.00002	51	82
12/24	0.0370%	0.000001015	$14,971,916,222.10	1.00002	52	81
12/25	0.0370%	0.000001015	$14,971,916,222.10	1.00002	52	81
12/26	0.0358%	0.000000980	$15,149,571,362.07	1.00003	52	82
12/27	0.0343%	0.000000939	$15,451,730,737.83	1.00003	52	80
12/28	0.0343%	0.000000939	$15,451,730,737.83	1.00003	52	80
12/29	0.0343%	0.000000939	$15,451,730,737.83	1.00003	52	80
12/30	0.0328%	0.000000898	$15,652,765,566.07	1.00003	50	78
12/31	0.0318%	0.000000870	$15,933,929,606.07	1.00003	51	78
Average	**0.0372%**	**0.000001018**	**$14,616,633,390.52**	**1.00003**	**50**	**78**

TEXPOOL

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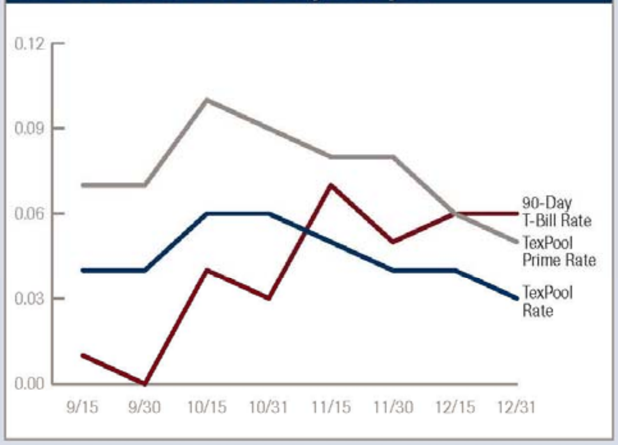
(continued from page 1)

extraordinary monetary accommodation of the past five years also was a positive. The reverse repo rate was dropped to 3 basis points, most likely to appease dealers concerned the previous 5 basis points was too high amid all the year-end window-dressing that typically causes supply to dwindle. But we would expect the rate will move back to 5 basis points as supply re-enters the market with the New Year. Also notable was that the Fed tripled the amount participants such as Federated can purchase. This vastly boosts liquidity in the marketplace, a plus for rates. When combined with a strengthening economy, this helps solidify our view money-market rates will start moving off their lows of the past several years. It may be some time before we get true normalcy, but given recent history, we'll take it.

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 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.