



**CERTIFIED COPY  
BRAZORIA COUNTY COMMISSIONERS' COURT**

**ORDER NO. 7.M.1**

**RE: COUNTY TREASURER'S MONTHLY CASH  
AND INVESTMENT REPORT FOR TOLL  
ROAD AUTHORITY FUNDS FOR  
SEPTEMBER 2017 AND QUARTERLY  
INVESTMENT REPORT FOR 4TH  
QUARTER 2017**

County Treasurer's Monthly Cash and Investment Report for Toll Road Authority Funds for September 2017 and Quarterly Investment Activity Report for July - September 2017. It is further requested a certified copy of this order be returned to the County Treasurer.

<b>RESULT:</b>	<b>PASSED BY CONSENT VOTE [UNANIMOUS]</b>
<b>MOVER:</b>	Donald "Dude" Payne, Commissioner
<b>SECONDER:</b>	Ryan Cade, Commissioner
<b>AYES:</b>	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

STATE OF TEXAS §

COUNTY OF BRAZORIA §

I, **Joyce Hudman, Clerk County Court and Ex-Officio Clerk of the Commissioners' Court of Brazoria County, Texas**, do hereby certify that the foregoing is a true and correct copy of that certain:

**ORDER NO. 7.M.1**

**RE: COUNTY TREASURER'S MONTHLY CASH AND INVESTMENT REPORT FOR TOLL ROAD AUTHORITY FUNDS FOR SEPTEMBER 2017 AND QUARTERLY INVESTMENT REPORT FOR 4TH QUARTER 2017**

as passed by the Commissioners' Court on the 24th day of OCTOBER, A.D., 2017, Special Meeting Term of Commissioners' Court and as the same appear(s) in the Commissioners' Court Records of Brazoria County, Texas.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 25th DAY OF OCTOBER, A. D., 2017.**

JOYCE HUDMAN, Clerk County Court  
and Ex-Officio Member of the Commissioners'  
Court of Brazoria County, Texas

By: \_\_\_\_\_

T. Reynolds, Deputy

**October 24, 2017**

**THE COMMISSIONERS' COURT OF BRAZORIA COUNTY**

**SPECIAL MEETING**

**ORDER NO.**

**RE:** County Treasurer's Monthly Cash and Investment Report for Toll Road Authority Funds for September 2017 and Quarterly Investment Report for 4th Quarter 2017

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County Treasurer's Monthly Cash and Investment Report for Toll Road Authority Funds for September 2017 and Quarterly Investment Activity Report for July - September 2017. It is further requested a certified copy of this order be returned to the County Treasurer.



**CATHY CAMPBELL, CCT, CIO**  
**BRAZORIA COUNTY TREASURER**

111 E. Locust, Room 305    Angleton, Texas 77515-4654  
979-864-1353    FAX 979-864-1680

Attached is the Monthly Treasurer's Report submitted by Cathy Campbell, Brazoria County Treasurer for funds of the Brazoria County Toll Road Authority, Brazoria County as Agent, for the month of SEPTEMBER 2017 and reflects total cash and other assets in the custody of the County Treasurer at month end to be:

**\$107,655,126.23.**

The report contains:

Investment Portfolio Report  
Bank Account Activity and Interest Report  
Texas Class Investment Pool Report  
TexPool Investment Pool Report  
Pledged Securities Management Report

Quarterly Investment Activity Report for July 01, 2017 – September 30, 2017

"I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE THE ATTACHED REPORTS ARE TRUE AND CORRECT."

A handwritten signature in blue ink that reads "Cathy Campbell".

Cathy Campbell, CCT, CIO  
Brazoria County Treasurer

**Brazoria County Toll Road Authority**  
**Brazoria County as Agent**  
 Portfolio Report  
 September 2017

Current Date: 9/30/2017

Fund	Description	Type	CUSIP	Coupon/ Rate	Settle Date	Maturity Date	Next Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value	Days to Mat	YTM	Interest Earned
997	TexPool	LGIP		1.015				62,191,050.26	100.000	62,191,050.26	62,191,050.26	100.00	62,191,050.26	1	1.015	54,845.53
998	Texas Class	LGIP		1.250				30,081,560.56	100.000	30,081,560.56	30,081,560.56	100.00	30,081,560.56	1	1.250	30,745.76
999	Depository	Cash		0.780				15,382,515.41	100.000	15,382,515.41	15,382,515.41	100.00	15,382,515.41	1	0.780	9,374.40
								<b>107,655,126.23</b>		<b>107,655,126.23</b>	<b>107,655,126.23</b>		<b>107,655,126.23</b>	<b>1</b>	<b>1.047</b>	<b>94,965.69</b>

This report is presented in accordance with the Texas Government Code Title 10 Section 2256.023 and complies with the Investment Strategy of Brazoria County's Investment Policy and I certify that to the best of my knowledge the above is true and correct.

  
 Cathy Campbell, CIO

Brazoria County Treasurer

**Brazoria County Toll Road Authority  
Brazoria County as Agent**

**Bank Account Activity and Interest Report For September 2017**

Account	Ending Bank Balance 08/31/2017	Deposits and Other Credits Received	Checks and Other Debits Disbursed	Ending Bank Balance 09/30/2017	MONTHLY Interest Earned
<b>FIRST NATIONAL BANK OF LAKE JACKSON</b>					
Brazoria County Toll Road Authority	-	0.00	0.00	0.00	0.00
Brazoria County Toll Road Authority-Construction	567,011.92	4,024,351.33	(968,720.67)	3,622,642.58	588.11
Brazoria County Toll Road Authority-FM 518	2,348,542.29	1,723.37	(78,378.44)	2,271,887.22	1,723.37
Brazoria County Toll Road Authority-Debt	4,632,883.52	3,370.77	(164,012.50)	4,472,241.79	3,370.77
Brazoria County Toll Road Authority-Contributions	5,012,051.67	3,692.15	0.00	5,015,743.82	3,692.15
<i>First National Bank of Lake Jackson Totals</i>	12,560,489.40	4,033,137.62	(1,211,111.61)	15,382,515.41	9,374.40
<b>TOTAL EOM Account Balances and Interest Earnings</b>				<b>15,382,515.41</b>	<b>9,374.40</b>

I certify that to the best of my knowledge the above is the true and correct cash balance remaining in the Treasurer's custody at month end.



Cathy Campbell, OCT, CIO  
Brazoria County Treasurer

**Brazoria County Toll Road Authority**  
**Brazoria County as Agent**

Texas Class

Investment Report

09/01/2017 thru 09/30/2017

<i>Fund</i>	<i>Description</i>	<i>09/01/2017 Investments</i>	<i>Credits</i>	<i>Debits</i>	<i>Interest Earned</i>	<i>09/30/2017 Investments</i>	<i>Avg. Mo. Yield</i>	<i>Expected Maturity</i>	<i>Mark to Mkt 09/30/2017</i>
54000	Toll Road Funds-Construction	25,042,345.67	0.00	0.00	25,621.46	25,067,967.13	1.2500	10/1/2017	25,067,967.13
64100	Toll Road Funds-Contributions	5,008,469.13	0.00	0.00	5,124.30	5,013,593.43	1.2500	10/1/2017	5,013,593.43

<b>TEXAS CLASS Totals</b>		<b>30,050,814.80</b>	<b>0.00</b>	<b>0.00</b>	<b>30,745.76</b>	<b>30,081,560.56</b>			<b>30,081,560.56</b>
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This report is presented in accordance with the Texas Government Code Title 10 Section 2256.023 and complies with the Investment Strategy of Brazoria County's Investment Policy and I certify that to the best of my knowledge the above is true and correct.



Cathy Campbell, CIO  
 Brazoria County Treasurer



**Brazoria County Toll Road Authority**

**Brazoria County as Agent**

**TexPool**

Investment Report

09/01/2017 thru 09/30/2017

Fund	Description	09/01/2017 Investments	Credits	Debits	Interest Earned	09/30/2017 Investments	Avg. Mo. Yield	Expected Maturity	Mark to Mkt 09/30/2017
54000	Toll Road Funds-Construction	61,129,411.51	0.00	4,000,000.00	50,667.98	57,180,079.49	1.0151	10/1/2017	57,180,079.49
64100	Toll Road Funds-Contributions	5,006,793.22	0.00	0.00	4,177.55	5,010,970.77	1.0151	10/1/2017	5,010,970.77

TEXPOOL Totals	66,136,204.73	0.00	4,000,000.00	54,845.53	62,191,050.26	62,191,050.26
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This report is presented in accordance with the Texas Government Code Title 10 Section 2256.023 and complies with the Investment Strategy of Brazoria County's Investment Policy and I certify that to the best of my knowledge the above is true and correct.



Cathy Campbell, CIO  
Brazoria County Treasurer





**CATHY CAMPBELL, CCT, CIO**

**BRAZORIA COUNTY TREASURER**

111 E. Locust, Room 305    Angleton, Texas 77515-4654  
979-864-1353    FAX 979-864-1680

Attached is a copy of the management reports for the securities that were pledged to Brazoria County Toll Road Authority, Brazoria County as Agent, by First National Bank of Lake Jackson for the month of SEPTEMBER 2017.

"I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE THE ATTACHED ARE TRUE AND CORRECT."

A handwritten signature in blue ink that reads "Cathy Campbell". The signature is written in a cursive style and is positioned above a horizontal line.

Cathy Campbell, CCT, CIO  
Brazoria County Treasurer

# Reportfolio

First National Bank of Lake Jackson, Lake Jackson, T  
 Published: 9/29/2017 1:01:08 PM

## Management Report

Pledged To: BRAZORIA COUNTY TOLL ROAD AUTHORITY

Section V-C

Date: 30-Sep-17  
 Page: 3

### Safeguarding

Code	Cusip Trans#	Description Maturity	Prerefund	Pool Coupon	Moody Std/Poor	Original Face Pledged Percent	Original Face Value	Pledged Par Value	Pledged Book Value	Pledged Market Value
FHLB	3138ETNJ1	FNMA Pool #AL8492	AL8492	5.125	Aaa	\$2,200,000.00 100.00%	\$2,200,000.00	\$1,475,142.44	\$1,533,375.58	\$1,511,106.41
FHLB	445627201609231	1/1/2046	2.529							
FEDERAL HOME LOAN BANK AFS										
1. MBS - Variable Rate										
FHLB	3133X8AS1	FHBL Bullet		2.000	AA+	\$4,500,000.00 100.00%	\$4,500,000.00	\$4,500,000.00	\$4,549,144.99	\$4,802,472.00
FHLB	152984200905280	8/15/2019								
FEDERAL HOME LOAN BANK AFS										
1. Agency Notes/Bonds - FR										
FHLB	313782FD7	FHR 4206 DA		2.000		\$2,200,000.00 100.00%	\$2,200,000.00	\$1,278,047.36	\$1,263,557.96	\$1,263,265.34
FHLB	361755201407160	5/15/2033								
FEDERAL HOME LOAN BANK AFS										
FHLB	3137AQQD4	FHR 4046 HA		2.000		\$1,500,000.00 100.00%	\$1,500,000.00	\$737,812.97	\$740,519.47	\$725,891.54
FHLB	274484201205290	10/15/2041								
FEDERAL HOME LOAN BANK AFS										
FHLB	3137AVGA9	FHR 4120 QG		2.500		\$2,000,000.00 100.00%	\$2,000,000.00	\$992,697.68	\$1,018,764.23	\$996,539.72
FHLB	295318201210300	10/15/2042								
FEDERAL HOME LOAN BANK AFS										
FHLB	3137BSK69	FHR 4623 H		2.500		\$2,500,000.00 100.00%	\$2,500,000.00	\$2,347,695.25	\$2,357,602.81	\$2,349,528.80
FHLB	452990201612200	11/15/2044								
FEDERAL HOME LOAN BANK AFS										
FHLB	3137BRMP7	FHR 4604 DC		2.500		\$2,500,000.00 100.00%	\$2,500,000.00	\$2,322,258.43	\$2,384,083.63	\$2,323,676.87
FHLB	442471201608291	1/15/2046								
FEDERAL HOME LOAN BANK AFS										
FHLB	3137BSTN3	FHR 4629 QG		2.500		\$2,500,000.00 100.00%	\$2,500,000.00	\$2,372,430.03	\$2,368,281.28	\$2,349,963.59
FHLB	451324201611301	11/15/2046								
FEDERAL HOME LOAN BANK AFS										
FHLB	3137BWU77	FHR 4663 PK		2.000		\$2,000,000.00 100.00%	\$2,000,000.00	\$1,939,160.10	\$1,902,370.63	\$1,894,350.90
FHLB	456698201706230	3/15/2047								
FEDERAL HOME LOAN BANK AFS										

\*\* If no data is shown, then there are no pledges for the current period.

# Reportfolio

First National Bank of Lake Jackson, Lake Jackson, T  
 Published: 9/29/2017 1:01:08 PM

## Management Report

Pledged To: BRAZORIA COUNTY TOLL ROAD AUTHORITY

Date: 30-Sep-17  
 Page: 4

Section V-C

Code	Cusip Trans#	Description Maturity	Prerefund	Pool Coupon	Moody Slt/Poor	Original Face Pledged Percent	Original Face Value	Pledged Par Value	Pledged Book Value	Pledged Market Value
FHLB	3136AWBB2 461678201704171	FNR 2017-25 QD 4/25/2047		2.250		\$2,000,000.00 100.00%	\$2,000,000.00	\$1,918,680.50	\$1,906,328.93	\$1,881,017.76
FEDERAL HOME LOAN BANK AFS										
FHLB	3137BZXG0 464936201705301	FHR 4682 LC 5/15/2047		2.500		\$2,000,000.00 100.00%	\$2,000,000.00	\$1,955,910.28	\$1,950,597.83	\$1,952,203.83
FEDERAL HOME LOAN BANK AFS										
9 CMOs - Fixed Rate										
Total Pledged							\$19,200,000.00	\$15,864,692.60	\$15,892,106.77	\$15,726,438.35
							\$25,900,000.00	\$21,839,835.04	\$21,974,627.34	\$22,040,016.76

11 To: BCIR BRAZORIA COUNTY TOLL ROAD AUTHORITY

\$0.00 Munis with Maturity Under 2 Years  
 \$0.00 Munis with Maturity Over 2 Years  
 \$4,500,000.00 Other securities with Stated Maturity Under 2 Years  
 \$17,339,835.04 Other securities with Stated Maturity Over 2 Years

\*\* If no data is shown, then there are no pledges for the current period.



# Monthly Newsletter: October 2017

## ANNOUNCEMENTS

We welcome the following entities who joined TexPool in September 2017:

- TexPool
- Kennedy 4B Corporation
- Grand Mission MUD 2
- Williamburg Regional Sewage Authority
- Williamson County MUD 28

### TexPool Prime

- Kennedy 4B Corporation
- Town of Fairview
- Alamo Community College District

### Upcoming Events

- Oct 3, 2017 - Oct 6, 2017  
TML Conference  
Houston
- Oct 6, 2017 - Oct 8, 2017  
TASA/TASB Annual Conference  
Dallas
- Oct 16, 2017 - Oct 20, 2017  
ITCA Fall Conference  
Allen
- Nov 1, 2017 - Nov 3, 2017  
GFOAT Fall Conference  
San Antonio

### TexPool Advisory Board Members

- Jose Elizondo, Jr.
  - Belinda Erwin
  - Jerry Dale
  - Patrick Krishock
  - Michele Tunde
  - David Landeros
- Oversen by the State of Texas Comptroller of Public Accounts Glenn Hegar.
- Operated under the supervision of the Texas Treasury S&K Trust Company

## Economic and Market Commentary: Pay attention to what the Fed does, not says

October 1, 2017

Last month, Fed Chair Janet Yellen put on her academic mortarboard and delivered a history lesson. Last week, she traded it for a Sherlock Holmes houndstooth hat for "The Case of the Missing Inflation". "The shortfall in inflation is a mystery," she said in a speech in Ohio. She and other economists may be frustrated that things aren't following their equations, but they seem to be pretty comfortable that inflation is either at or near enough to their target to keep tightening. In any case, cash managers tend to look at what Federal Reserve policymakers do, not what they say. With four rate hikes in the last two years, and a fifth likely coming in December, it would seem the Federal Open Market Committee (FOMC) participants think they won't need a sleuth with a magnifying glass to find rising prices and wages.

If we needed another clue to their thinking, the Fed officially announced that in October—today, actually—it will begin to pare its massive balance sheet, a sign that extraordinary accommodation is coming to an end. Nearly everyone else in the industry expected this move—it was just a matter of when it would happen—so there wasn't a negative market reaction.

(continued page 6)

	TexPool	TexPool Prime
Current Invested Balance	\$15,586,203,393.13	\$4,181,131,380.04
Weighted Average Maturity**	37	51
Weighted Average Life**	101	75
Net Asset Value	1,00003	1,00005
Total Number of Participants	2,431	284
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$12,894,663.81	\$4,284,198.48
Management Fee Collected	\$578,194.13	\$171,549.11
Standard & Poor's Current Rating	AAA/m	AAA/m
<b>Month Averages</b>		
Average Invested Balance	\$15,472,089,777.50	\$4,122,503,891.66
Average Monthly Rate*	1.0151%	1.2844%
Average Weighted Average Maturity**	34	51
Average Weighted Average Life**	100	73

\*This average monthly rate for TexPool Prime for each date may reflect a number of same portion or all of each of the management fees.

\*\*See page 2 for definitions.

Past performance is no guarantee of future results.

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

**Federated**  
Managed and  
Served by  
G35884-24 (10/17)



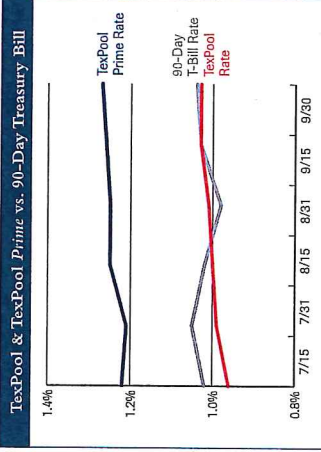
Participant Services  
1001 Texas Ave. 14th Floor  
Houston, TX 77002

We can't help but wonder if Yellen factored in her legacy with the start of tapering. With this, she will get credit for reversing nearly all of the post-recession monetary policies. But it also was just time to start normalization. The Fed is not comfortable holding such a large amount of assets, and if they didn't start to reduce it soon, it would have begun to fester.

With only \$10 billion rolled off each month for now, the taper is modest. Its main effect on money markets is operational, as it increases the supply of Treasury bills in the marketplace, which is a good thing. There won't be any lack of demand for the extra supply, even as the amount increases in coming quarters.

Meanwhile, the Fed's economic projections released at the last policy meeting suggest another 25 basis-point hike is on the table this year. We have thought so for some time now, and the market has returned to that opinion after doubting it. There will be some noise, both from the aftermath of the destructive hurricanes and the postponed debate over the federal budget and debt ceiling, but that shouldn't make a major difference. We already have seen more value come back into the yield curve: a slight steepening that has made 3- and 6-month fixed-rate paper attractive along with floaters. We have therefore kept the weighted average maturity for TexPool at 37 days and 51 days for TexPool Prime.

The short end of the Treasury curve rose slightly in September, with 1-month and 3-month Treasury yields rising from 0.96% to 0.97%



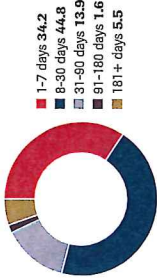
90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.  
Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.  
Past performance is no guarantee of future results.

and 1.02% to 1.05%, respectively. The London interbank offered rate (Libor) did not move materially over September, with 1-month Libor remaining at 1.23%, 3-month at 1.34% and 6-month at 1.51%.



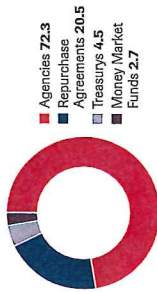
### Portfolio by Maturity (%)

As of September 30, 2017



### Portfolio by Type of Investment (%)

As of September 30, 2017



### Portfolio Asset Summary as of September 30, 2017

	Book Value	Market Value
Uninvested Balance	\$1,400.17	\$1,400.17
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	7,649,991.59	7,649,991.59
Interest and Management Fees Payable	-12,895,097.42	-12,895,097.42
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-38,849.40	-38,849.40
Repurchase Agreements	3,192,359,000.00	3,192,359,000.00
Mutual Fund Investments	415,022,103.88	415,022,103.88
Government Securities	11,282,538,054.98	11,282,538,054.98
U.S. Treasury Inflation Protected Securities	0.00	0.00
US Treasury Bills	502,948,312.25	502,948,312.25
US Treasury Notes	200,589,711.60	200,524,766.00
<b>Total</b>	<b>\$15,588,203,393.13</b>	<b>\$15,588,679,330.26</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Teched 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	583	\$4,913,012,446.77
Higher Education	57	\$796,714,885.19
Healthcare	81	\$547,913,330.82
Utility District	766	\$2,171,979,742.38
City	457	\$3,827,477,669.21
County	185	\$1,584,261,774.41
Other	302	\$1,731,141,758.54

### \*\*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 only 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 Entry (SEC Stat)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
9/1	1.0070%	0.000027588	\$15,640,705,698.45	1.00003	31	100
9/2	1.0070%	0.000027588	\$15,640,705,698.45	1.00003	31	100
9/3	1.0070%	0.000027588	\$15,640,705,698.45	1.00003	31	100
9/4	1.0070%	0.000027588	\$15,640,705,698.45	1.00003	31	100
9/5	1.0062%	0.000027566	\$15,614,874,089.02	1.00003	28	96
9/6	1.0049%	0.000027506	\$15,534,081,792.82	1.00003	27	96
9/7	1.0033%	0.000027469	\$15,600,735,774.44	1.00003	27	95
9/8	1.0048%	0.000027530	\$15,449,785,453.29	1.00003	33	100
9/9	1.0049%	0.000027530	\$15,449,785,453.29	1.00003	33	100
9/10	1.0048%	0.000027530	\$15,449,785,453.29	1.00003	33	100
9/11	1.0071%	0.000027592	\$15,457,292,992.92	1.00003	30	98
9/12	1.0088%	0.000027638	\$15,483,911,844.40	1.00002	35	102
9/13	1.0138%	0.000027776	\$15,355,135,372.49	1.00002	35	103
9/14	1.0182%	0.000027887	\$15,242,251,518.06	1.00002	35	104
9/15	1.0251%	0.000028086	\$15,304,363,223.20	1.00001	35	103
9/16	1.0251%	0.000028086	\$15,304,363,223.20	1.00001	35	103
9/17	1.0251%	0.000028086	\$15,304,363,223.20	1.00001	35	103
9/18	1.0233%	0.000028035	\$15,297,162,289.51	1.00001	34	101
9/19	1.0179%	0.000027887	\$15,380,301,602.04	1.00001	34	100
9/20	1.0189%	0.000027914	\$15,287,491,242.08	1.00001	35	102
9/21	1.0198%	0.000027941	\$15,251,895,243.68	1.00001	35	100
9/22	1.0219%	0.000027988	\$15,153,768,070.79	1.00001	38	104
9/23	1.0219%	0.000027988	\$15,153,768,070.79	1.00001	38	104
9/24	1.0219%	0.000027988	\$15,153,768,070.79	1.00001	38	104
9/25	1.0227%	0.000028020	\$15,961,536,606.87	1.00002	34	97
9/26	1.0143%	0.000027788	\$15,913,654,825.69	1.00001	37	99
9/27	1.0194%	0.000027928	\$15,790,934,902.88	1.00001	36	99
9/28	1.0193%	0.000027927	\$15,578,511,396.18	1.00002	35	97
9/29	1.0270%	0.000028138	\$15,588,203,393.13	1.00003	37	101
9/30	1.0270%	0.000028138	\$15,588,203,393.13	1.00003	37	101
<b>Average:</b>	<b>1.0151%</b>	<b>0.000027812</b>	<b>\$15,472,089,777.50</b>	<b>1.00002</b>	<b>34</b>	<b>100</b>

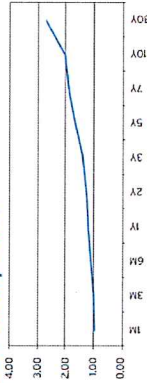
## September 2017 Economic Review

Acacia Scavone September 19, 2017

### Yield Curve flattens; Shorter rates decline slightly overall

The August labor report was weak overall, showing no meaningful progress for payrolls, unemployment, or wage growth. The U.S. added a lower-than-forecast 156k jobs in August, following a downwardly revised 189k increase in July. The unemployment rate increased slightly to 4.4% from 4.3% a month earlier, while the underemployment rate and the Labor Force Participation rate held steady at 8.6% and 62.9% respectively. Broad-based wage growth continues to remain elusive with the growth rate of average hourly earnings remaining well below pre-financial crisis levels at 2.6%, slightly up from 2.5% in the prior month.

### US Treasury Curve



Minutes from the Federal Reserve's July 26, 2017 meeting continue to showcase the debate that FOMC participants have regarding both inflation expectations and timing for the next rate increase. Inflation has been in decline and will be monitored closely as the Fed contemplates the pace of policy normalization. With a print of 1.4% for July, the Fed's preferred inflation gauge, Core PCE, remains well below the Fed's target of 2.0%. With uncertainty regarding inflation's ability to stabilize around the Fed's objective, the market's expectations for the next rate hike have been delayed to September of 2018. December's probability has declined to 25.4% and odds do not exceed 50.0% until September of 2018, which stands at 53.4%. Despite these changes, the Fed is still widely expected to announce its balance sheet normalization program this September.

The U.S. economy grew at a pace of 3.0% for the second quarter, revised upward from the previous print of 2.6%. The better-than-expected revision was fueled mainly by stronger consumer spending with additional contributions from business investment. Looking ahead, the Atlanta Fed GDPNow forecasts third quarter growth of 3.2%.

### Treasury Yields

Maturity	9/5/17	8/4/17	Change
3 month	1.008%	1.070%	-0.062%
6 Month	1.098%	1.134%	-0.036%
1 Year	1.209%	1.218%	-0.009%

### Agency Yields

Maturity	9/5/17	8/4/17	Change
3 month	1.050%	1.061%	-0.011%
6 Month	1.120%	1.134%	-0.014%
1 Year	1.269%	1.287%	-0.018%

### Commercial Paper Yields (A-1/P-1)

Maturity	9/5/17	8/4/17	Change
1 month	1.210%	1.200%	0.010%
3 Month	1.280%	1.280%	0.000%
6 Month	1.400%	1.410%	-0.010%
9 Month	1.500%	1.480%	0.020%

### Current Economic Releases

Data	Period	Value
GDP QoQ	Q2 '17	3.00%
US Unemployment	Aug '17	4.40%
ISM Manufacturing	Aug '17	58.80
PPI YoY	Jul '17	2.20%
CPI YoY	Jul '17	1.90%
Fed Funds Target	Sep 06 '17	1.00% - 1.25%

### Portfolio Strategy

The portfolios are well-positioned to capture the higher yields that are now available. Looking ahead, future rate increases remain dependent on the actual pace of Fed policy normalization. Texas CLASS and Texas CLASS Government are rated 'AAA/m' by S&P Global Ratings.

Source: Bloomberg

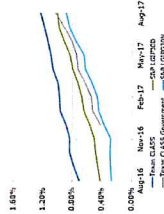
All data being used in this report is published by the S&P Global Ratings, including credit quality, market price exposure, and management. Ratings are subject to change and do not represent a recommendation.

All data being used in this report is published by the S&P Global Ratings, including credit quality, market price exposure, and management. Ratings are subject to change and do not represent a recommendation.

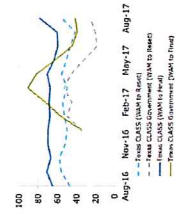
The information provided in this report is for informational purposes only and is not intended to be used as a basis for investment decisions. The information should be made only after considerable research, consideration, and investment with an experienced professional engaged for the specific purpose. Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.

The following information is provided in accordance with Texas State Statute 2256.0016.

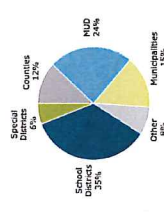
As of August 31, 2017:



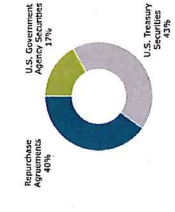
SGP AAA/AA GIP\* (30-Day Yields)



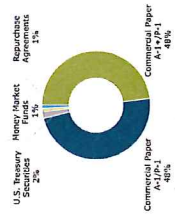
Weighted Average Maturity (In Days)



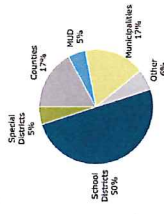
Texas CLASS Participant Asset Distribution



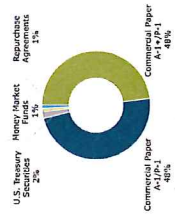
Texas CLASS Participant Distribution



Texas CLASS Government Portfolio Breakdown



Texas CLASS Participant Asset Distribution



Texas CLASS Government Portfolio Breakdown

For the month of August 2017, the Program Administrator accrued fees of \$445,900.88 and had average shares outstanding of \$5,428,452,616.24 for Texas CLASS. For Texas CLASS Government, the Program Administrator accrued fees of \$0.00 and had average shares outstanding of \$110,579,286.36. The fees for both Texas CLASS and Texas CLASS Government are accrued on a daily basis by multiplying the investment property value by the applicable fee rate and divided by 365 or 366 days in the event of a leap year. The investment property value shall be based on the current day's share outstanding. For weekend days and holidays, the shares outstanding for the previous business day will be utilized for the calculation of fees. The applicable fee rate is located in Exhibit F of the Seventh Amended and Restated Trust Agreement. The Program Administrator reserves the right to abate fees listed in the Seventh Amended and Restated Trust Agreement. The monthly fee is the sum of all daily fee accruals for the month of July. The fees are paid monthly upon notification to the custodian bank. As of July 31, 2017, the fee for Texas CLASS was 0.1 basis points and the fee for Texas CLASS Government was 0.0 basis points.

- Both funds are rated 'AAA' by S&P Global Ratings.
- Net Asset Value for both funds from August 1 to August 31, 2017 is equal to \$1.00.
- The final maturity dates of all securities were less than one year.
- The custodian bank for Texas CLASS is Wells Fargo Bank, N.A.
- Total Number of Participants is 606.
- There are currently no investments that have a stated maturity greater than one year.
- The portfolio manager for Texas CLASS is Randy Palomba, CFA.
- All sources of payment are the underlying assets of the local government investment pool at market value.
- The Seventh Amended and Restated Trust Agreement was adopted by the Board of Trustees on August 5, 2016. You can access your copy of the Seventh Amended and Restated Trust Agreement by clicking [here](#).

Texas CLASS Board of Trustees as of August 31, 2017

Name	Address	Term
Monika Aczis	Collin County	Term 2016
Anna Picasz	Harris County	Term 2017
Clinda Brown	Denton County	Term 2017
Roger Roeder	City of Friendswood	Term 2017
Mike Lister	Alamo Heights ISD	Term 2016
Steve Williams	City of Conroe	Term 2017
Heather Hultbert	City of San Marcos	Term 2019
Art Allaire	Qualified Non-Participant	Term 2019
Mark Burdon	Burton Accounting, PLLC	Term 2019
Art Martin	Stalon ISD	Term 2018
Rodriguez Rheadas	Qualified Non-Participant	Term 2018

Texas CLASS Advisory Board as of August 31, 2017

Name	Address	Term
Art Allaire	Qualified Non-Participant	Term 2019
Mark Burdon	Burton Accounting, PLLC	Term 2019
Art Martin	Stalon ISD	Term 2018
Rodriguez Rheadas	Qualified Non-Participant	Term 2018

Month End	Average Yield	Month Ending Assets	Shares Balance	Market Value	Amortized Cost	WAM (Reset)	WAM (Final)
Jun-17	1.13%	\$6,018,091,995	\$6,018,144,765	\$6,017,892,799	\$6,017,945,590	1.00	60
Jul-17	1.18%	\$5,796,412,095	\$5,796,403,723	\$5,796,176,855	\$5,796,468,513	1.00	61
Aug-17	1.23%	\$5,012,542,696	\$5,012,444,629	\$5,026,518,452	\$5,026,222,385	1.00	79

Texas CLASS Government Prior Month Comparison

Month End	Average Yield	Month Ending Assets	Shares Balance	Market Value	Amortized Cost	WAM (Reset)	WAM (Final)
Jun-17	0.80%	\$117,129,274	\$117,129,079	\$117,061,551	\$117,073,156	1.00	45
Jul-17	0.91%	\$112,235,007	\$112,239,380	\$112,173,356	\$112,177,729	1.00	40
Aug-17	1.02%	\$110,222,536	\$110,220,787	\$110,197,653	\$110,195,904	1.00	42