



**CERTIFIED COPY  
BRAZORIA COUNTY COMMISSIONERS' COURT**

**ORDER NO. 7.N.1**

**RE: COUNTY TREASURER'S MONTHLY CASH  
AND INVESTMENT REPORT FOR TOLL  
ROAD AUTHORITY FUNDS FOR  
DECEMBER 2017 AND THE 1ST QUARTER  
FY18 INVESTMENT REPORT**

County Treasurer's Monthly Cash and Investment Report for Toll Road Authority Funds for December 2017 and the 1st Quarter FY18 Investment Activity Report for October - December 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>	David R. Linder, 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.N.1**

**RE: COUNTY TREASURER'S MONTHLY CASH  
AND INVESTMENT REPORT FOR TOLL  
ROAD AUTHORITY FUNDS FOR  
DECEMBER 2017 AND THE 1ST QUARTER  
FY18 INVESTMENT REPORT**

as passed by the Commissioners' Court on the 13th day of FEBRUARY, A.D., 2018, Regular Session 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 14th DAY OF  
FEBRUARY, A. D., 2018.**

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

By:   
M. Trevino, Deputy



**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 DECEMBER 2017 and reflects total  
cash and other assets in the custody of the County Treasurer at month end to be:  
**\$96,569,137.06.**

The report contains:

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

Investment Portfolio Activity for 1<sup>st</sup> Quarter FY 2018

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

Cathy Campbell, CCT, CIO  
Brazoria County Treasurer

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

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

Account	Ending Bank Balance 11/30/2017	Deposits and Other Credits Received	Checks and Other Debits Disbursed	Ending Bank Balance 12/31/2017	MONTHLY Interest Earned	Interest Rate
<b>FIRST NATIONAL BANK OF LAKE JACKSON</b>						
Brazoria County Toll Road Authority	0.00	0.00	0.00	0.00	0.00	1.05
Brazoria County Toll Road Authority-Construction	2,538,770.32	5,002,659.16	(5,712,180.67)	1,829,248.81	2,659.16	1.05
Brazoria County Toll Road Authority-FM 518	1,695,753.00	1,599.67	(401,509.90)	1,295,842.77	1,599.67	1.05
Brazoria County Toll Road Authority-Debt	4,378,995.15	663,315.66	(164,012.50)	4,878,298.31	4,543.78	1.05
Brazoria County Toll Road Authority-Contributions	1,022,613.29	1,022.17		1,023,635.46	1,022.17	1.05

*First National Bank of Lake Jackson Totals*

9,636,131.76      5,668,596.66      (6,277,703.07)      9,027,025.35      9,824.78

**TOTAL EOM Account Balances and Interest Earnings**

**9,027,025.35      9,824.78**

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, CCA, 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 DECEMBER 2017.

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

  
Cathy Campbell, CCT, CIO  
Brazoria County Treasurer

# Reportfolio

First National Bank of Lake Jackson, Lake Jackson, T  
 Published: 12/29/2017 9:38:09 AM

## Management Report

Pledged To: BRAZORIA COUNTY TOLL ROAD AUTHORITY

Date: 31-Dec-17  
 Page: 3

Section V-C

### Safekeeping

Code	Cusip Trans#	Description Maturity FAS 115	Prerefund	Pool Coupon	Moody StdPoor	Original Face Pledged Percent	Original Face Value	Pledged Par Value	Pledged Book Value	Pledged Market Value
FHLB	3138ETNJ1	FNMA Pool #AL8492		AL8492		\$2,200,000.00	\$2,200,000.00	\$1,405,121.23	\$1,460,496.15	\$1,430,666.33
	445627201609231	1/1/2046		2.533		100.00%				
	FEDERAL HOME LOAN BANK AFS									
1 MBS - Variable Rate										
FHLB	3133X8AS1	FHLB Bullet				\$4,500,000.00	\$4,500,000.00	\$1,405,121.23	\$1,460,496.15	\$1,430,666.33
	152984200905280	8/15/2019			Aaa	\$4,500,000.00	\$4,500,000.00	\$4,500,000.00	\$4,542,582.61	\$4,734,157.50
	FEDERAL HOME LOAN BANK AFS									
1 Agency Notes/Bonds - FR										
FHLB	3137B2FD7	FHR 4206 DA				\$2,200,000.00	\$2,200,000.00	\$1,224,638.69	\$1,210,876.83	\$1,193,548.05
	361755201407160	5/15/2033		2.000		100.00%				
	FEDERAL HOME LOAN BANK AFS									
FHLB	3137AQGD4	FHR 4046 HA				\$1,500,000.00	\$1,500,000.00	\$707,350.28	\$709,867.86	\$690,629.16
	274464201205290	10/15/2041		2.000		100.00%				
	FEDERAL HOME LOAN BANK AFS									
FHLB	3137AVGA9	FHR 4120 QG				\$2,000,000.00	\$2,000,000.00	\$952,800.88	\$977,237.73	\$943,971.27
	295318201210300	10/15/2042		2.500		100.00%				
	FEDERAL HOME LOAN BANK AFS									
FHLB	3137BSK69	FHR 4623 H				\$2,500,000.00	\$2,500,000.00	\$2,302,271.65	\$2,311,686.73	\$2,271,677.91
	452990201612200	11/15/2044		2.500		100.00%				
	FEDERAL HOME LOAN BANK AFS									
FHLB	3137BRMP7	FHR 4604 DC				\$2,500,000.00	\$2,500,000.00	\$2,267,533.00	\$2,326,299.61	\$2,235,473.71
	442471201608291	1/15/2046		2.500		100.00%				
	FEDERAL HOME LOAN BANK AFS									
FHLB	3137BSTN3	FHR 4629 QG				\$2,500,000.00	\$2,500,000.00	\$2,318,725.43	\$2,314,777.12	\$2,270,167.84
	451324201611301	11/15/2046		2.500		100.00%				
	FEDERAL HOME LOAN BANK AFS									
FHLB	3137BWU77	FHR 4663 PK				\$2,000,000.00	\$2,000,000.00	\$1,900,108.06	\$1,866,289.89	\$1,820,321.57
	466698201706230	3/15/2047		2.000		100.00%				
	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: 12/29/2017 9:38:09 AM

## Safekeeping

Management Report  
 Pledged To: BRAZORIA COUNTY TOLL ROAD AUTHORITY  
 Date: 31-Dec-17  
 Page: 4  
 Section V-C

Location	Code	Cusip Trans#	Description Maturity	Prerefund	Pool Coupon	Moody StdPoor	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	\$1,869,647.32	\$1,866,135.26	\$1,802,759.38
FEDERAL HOME LOAN BANK AFS											
FHLB	3137BXZG0	464936201705301	FHR 4682 LC 5/15/2047		2.500		\$2,000,000.00 100.00%	\$2,000,000.00	\$1,915,523.66	\$1,910,548.50	\$1,907,442.83
FEDERAL HOME LOAN BANK AFS											
9 CMOs - Fixed Rate											
Total Pledged 11 To: BCTR BRAZORIA COUNTY TOLL ROAD AUTHORITY											
					\$0.00			\$19,200,000.00	\$15,458,598.97	\$15,485,719.53	\$15,135,991.72
					\$0.00			\$25,900,000.00	\$21,363,720.20	\$21,488,798.29	\$21,300,815.55
					\$4,500,000.00						
					\$16,863,720.20						

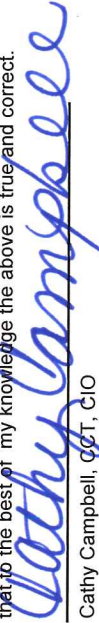
\*\* If no data is shown, then there are no pledges for the current period.

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

Current Date: 12/31/2017

Fund	Description	Type	CUSIP	Coupon/ Rate	Settle Date	Maturity Date	Next Call Date	Par Value	Purch Price	Book Value	Mkt Price	Mkt Value	Days to Mat	YTM	Interest Earned
997	TexPool	LGIP		1.176				55,357,407.79	100.000	55,357,407.79	100.00	55,357,407.79	1	1.176	58,344.28
998	Texas Class	LGIP		1.410				32,184,703.92	100.000	32,184,703.92	100.00	32,184,703.92	1	1.410	38,314.73
999	Depository	Cash		1.050				9,027,025.35	100.000	9,027,025.35	100.00	9,027,025.35	1	1.050	9,824.78
									<b>96,569,137.06</b>	<b>96,569,137.06</b>		<b>96,569,137.06</b>	<b>1</b>	<b>1.242</b>	<b>106,483.79</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, CIO

Brazoria County Treasurer

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

**TexPool**

Investment Report

12/01/2017 thru 12/31/2017

Fund	Description	12/01/2017 Investments	Credits	Debits	Interest Earned	12/31/2017 Investments	Avg. Mo. Yield	Expected Maturity	Mark to Mkt 12/31/2017
54000	Toll Road Funds-Construction	53,279,136.60	0.00	5,000,000.00	51,330.34	48,330,466.94	1.1764	1/1/2018	48,330,466.94
64100	Toll Road Funds-Contributions	7,019,926.91	0.00	0.00	7,013.94	7,026,940.85	1.1764	1/1/2018	7,026,940.85

TEXPOOL Totals	60,299,063.51	0.00	5,000,000.00	58,344.28	55,357,407.79
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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, OCT, CIO  
Brazoria County Treasurer



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

**Texas Class**

Investment Report

12/01/2017 thru 12/31/2017

<i>Fund</i>	<i>Description</i>	<i>12/01/2017 Investments</i>	<i>Credits</i>	<i>Debits</i>	<i>Interest Earned</i>	<i>12/31/2017 Investments</i>	<i>Avg. Mo. Yield</i>	<i>Expected Maturity</i>	<i>Mark to Mkt 12/31/2017</i>
54000	Toll Road Funds-Construction	25,121,752.51	0.00	0.00	29,942.17	25,151,694.68	1.4100	1/1/2018	25,151,694.68
64100	Toll Road Funds-Contributions	7,024,636.68	0.00	0.00	8,372.56	7,033,009.24	1.4100	1/1/2018	7,033,009.24

TEXAS CLASS Totals

32,146,389.19

0.00

0.00

38,314.73

32,184,703.92

32,184,703.92

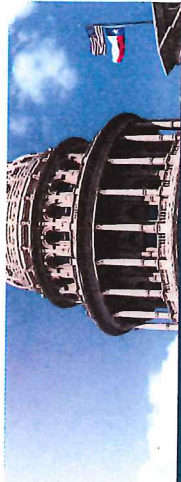
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Cathy Campbell, CFP, CIO  
Brazoria County Treasurer



## Monthly Newsletter: January 2018



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

### ANNOUNCEMENTS

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

**TexPool**  
Piedmont Municipal Management District No. 2  
Uvalde County Underground Water Conservation District

**TexPool Prime**  
Town of Little Elm  
Plant-Elgin-Boyd ISD  
Dale County Underground Water Conservation District  
Medina County  
Harris County/WCD 296

### Upcoming Events

GTOT 2017 Winter Seminar  
Jan 24, 2018 - Jan 31, 2018, Austin Convention Center, Austin  
TASA Mid-Winter Conference  
Feb. 26, 2018 - Mar 02, 2018, Ft. Worth Convention Center, Ft. Worth  
2018 TASBO Annual Conference  
Apr 15, 2018 - Apr 17, 2018, Renaissance, Austin

### TexPool Advisory Board Members

Jose Elizondo, Jr.  
Belinda Erwin  
Patrick Kribluck  
Michelle Taitel  
Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegert.  
Operated under the supervision of the Texas Treasury Suckering Trust Company

## Economic and Market Commentary: Looking toward 2018

January 1, 2018

Two major developments in December—the overhaul of the U.S. federal tax code and a hike by the Federal Reserve—will likely keep both short-term government rates and inflation on a steady march into 2018. That's a sunny path to be sure, but there's potential for distractions.

The Federal Reserve is, of course, at the center of it all. Its December Federal Open Market Committee (FOMC) meeting went as expected, resulting in a rate increase (to a range of 1.25-1.50%) and projections for three more in 2018. We think the moves will be front-loaded—happening in March, June and September—leaving open the potential for yet another one of those Fed year-end hikes. But whatever they come, three rate increases would put the short end of the London interbank offered rate (Libor) in a range of 2-2.25%. Indeed, the cash markets could very well have a two handle in 2018.

But as we all know, the Fed can create humps in the road, and there will be opportunities. One is what the effect will be on the yield curve from the ever-increasing roll-off of its maturing balances sheet. If the Fed sticks to its announced schedule, it will be reducing reinvestments by \$50 billion a month in the final quarter of 2018 and will have pared

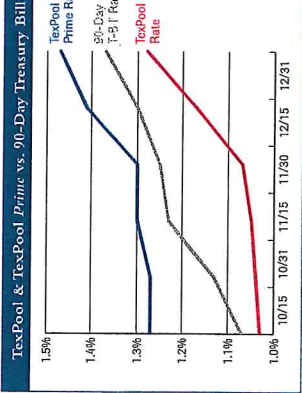
(continued page 6)

	TexPool	TexPool Prime
Current Invested Balance	\$17,530,157,281.13	\$5,226,591,729.29
Weighted Average Maturity	33	38
Weighted Average Life	89	68
Net Asset Value	0.99982	0.99981
Total Number of Participants	2,445	297
Management Fee on Invested Balance	0.0473%	0.0589%
Interest Distributed	\$16,280,880.32	\$5,603,186.63
Management Fee Collected	\$636,414.54	\$218,791.26
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$16,261,615,415.51	\$4,728,703,885.27
Average Monthly Rate	1.1764%	1.3974%
Average Weighted Average Maturity	33	38
Average Weighted Average Life	93	76

\*This average monthly rate for TexPool Prime for each date may reflect a number of some portion or all of each of the management fees.  
\*\*See page 2 for definitions.  
†† Performance is no guarantee of future results.

Managed and Serviced by **Federated**  
C35884-24 (1/18)

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



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 prime 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.  
††† Performance is no guarantee of future results.

\$450 billion from the start of the program in October 2017. That's a significant amount in total, and the slow rise means supply will be in constant change and no one knows exactly how the markets will react.

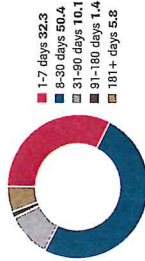
Another continuing Fed issue is the number of empty seats on its board of governors. When the board is at full strength, the governors make up the majority of the policy-setting FOMC compared to the presidents of the regional Fed branches. There is potential for risk in 2018 if we have four open posts out of a 12-member capacity, especially if New York Fed President William Dudley makes good on his plan to retire soon. Monetary policy—particularly as policymakers head into the uncharted territory of printing the large balance sheet—should be navigated with a full crew.

The effect of tax reform on money markets also is an unknown, but ultimately, we don't expect much change from the environment of the latter half of 2017. The U.S. economy is gaining momentum and Libor remains supportive (1-month rising from 1.35% to 1.57% and 3-month from 1.48% to 1.69%). Because of year-end activity, we shortened the weighted average maturity (WAM) of TexPool Prime to 38 days. The short end of the Treasury curve rose slightly in December, with 1-month and 3-month Treasury yields rising from 1.17% to 1.25% and 1.29% to 1.45%, respectively.



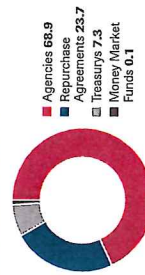
### Portfolio by Maturity (%)

As of December 31, 2017



### Portfolio by Type of Investment (%)

As of December 31, 2017



### Portfolio Asset Summary as of December 31, 2017

Asset Category	Book Value	Market Value
Uninvested Balance	\$5,514.92	\$5,514.92
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	15,196,559.10	15,196,559.10
Interest and Management Fees Payable	-16,282,851.92	-16,282,851.92
Payable for Investments Purchased	-71,671,400.00	-71,671,400.00
Accrued Expenses & Taxes	-68,067.51	-68,067.51
Repurchase Agreements	4,163,454,000.00	4,163,454,000.00
Mutual Fund Investments	15,022,103.88	15,022,103.88
Government Securities	12,135,038,153.90	12,135,038,153.90
U.S. Treasury Inflation Protected Securities	1,089,056,752.18	1,089,056,752.18
US Treasury Bills	0.00	0.00
US Treasury Notes	200,417,546.42	200,417,546.42
<b>Total</b>	<b>\$17,530,157,281.13</b>	<b>\$17,528,935,813.72</b>

Market values of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Fidelity 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 with its business or its operations. Should you require a copy of the portfolio, please contact TexPool Participant Services.

### Participant Summary

Participant	Number of Participants	Balance
School District	583	\$6,093,121,757.16
Higher Education	57	\$949,124,466.40
Health Care	81	\$551,782,752.84
Utility District	770	\$2,379,996,909.51
City	457	\$4,109,097,855.79
County	185	\$1,870,931,746.69
Other	312	\$1,573,497,444.77

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

WAM is the mean average of the periods of your 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 redrafted 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 337 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 337 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

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



### Daily Summary

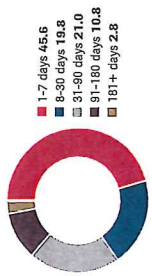
Date	Money Mkt. Fmd. Equiv. (SEC-Stol)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
12/1	1.0704%	0.000029325	\$14,923,237,150.66	0.99991	33	100
12/2	1.0704%	0.000029325	\$14,923,237,150.66	0.99991	33	100
12/3	1.0704%	0.000029325	\$14,923,237,150.66	0.99991	33	100
12/4	1.0704%	0.000029325	\$14,923,237,150.66	0.99991	33	100
12/5	1.0762%	0.000029485	\$14,988,881,007.07	0.99990	32	98
12/6	1.0762%	0.000029485	\$14,923,231,007.23	0.99990	31	97
12/7	1.0795%	0.000029567	\$14,983,125,767.73	0.99990	31	96
12/8	1.0855%	0.000029574	\$15,027,726,243.81	0.99990	31	95
12/9	1.0855%	0.000029821	\$15,167,656,532.43	0.99990	33	98
12/10	1.0855%	0.000029821	\$15,167,656,532.43	0.99990	33	98
12/11	1.0918%	0.000029913	\$15,189,256,010.78	0.99990	30	95
12/12	1.0855%	0.000030041	\$15,446,143,821.05	0.99987	31	92
12/13	1.1122%	0.000030470	\$15,546,326,818.33	0.99987	31	90
12/14	1.1765%	0.000032240	\$15,586,875,196.69	0.99988	32	85
12/15	1.1665%	0.000031959	\$16,137,570,879.23	0.99987	32	84
12/16	1.1665%	0.000031859	\$16,137,570,879.23	0.99987	32	84
12/17	1.1665%	0.000031959	\$16,137,570,879.23	0.99987	32	84
12/18	1.3223%	0.000036226	\$16,855,301,078.14	0.99989	30	80
12/19	1.2462%	0.000034143	\$17,018,058,719.27	0.99988	30	83
12/20	1.2405%	0.000033986	\$16,818,306,334.36	0.99988	34	83
12/21	1.2464%	0.000034202	\$17,427,706,137.32	0.99990	34	88
12/22	1.2465%	0.000034205	\$17,644,526,729.36	0.99991	35	91
12/23	1.2465%	0.000034205	\$17,644,526,729.36	0.99991	35	91
12/24	1.2465%	0.000034205	\$17,644,526,729.36	0.99991	35	91
12/25	1.2485%	0.000034205	\$17,644,526,729.36	0.99991	35	91
12/26	1.2698%	0.000034783	\$17,670,996,017.39	0.99990	33	89
12/27	1.2698%	0.000034784	\$17,648,666,580.23	0.99990	32	89
12/28	1.2722%	0.000034854	\$17,410,239,900.03	0.99989	32	89
12/29	1.2803%	0.000035078	\$17,530,157,281.13	0.99992	33	89
12/30	1.2803%	0.000035078	\$17,530,157,281.13	0.99992	33	89
12/31	1.2803%	0.000035078	\$17,530,157,281.13	0.99992	33	89
<b>Average:</b>	<b>1.1764%</b>	<b>0.000032231</b>	<b>\$16,261,615,415.51</b>	<b>0.99990</b>	<b>33</b>	<b>93</b>



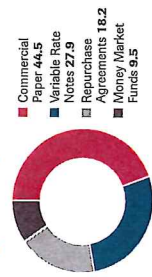
Monthly Newsletter: January 2018

**TEXPOOL PRIME**

**Portfolio by Maturity (%)**  
As of December 31, 2017



**Portfolio by Type of Investment (%)**  
As of December 31, 2017



**Portfolio Asset Summary as of December 31, 2017**

Account	Book Value	Market Value
Uninvested Balance	\$1,880.92	0.00
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	1,700,284.05	1,700,284.05
Interest and Management Fees Payable	-5,603,813.84	-5,603,813.84
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-25,252.26	-25,252.26
Repurchase Agreements	951,884,000.00	951,884,000.00
Commercial Paper	2,323,844,738.91	2,323,844,738.91
Bank Instruments	0.00	0.00
Mutual Fund Investments	487,089,999.35	487,089,999.35
Government Securities	0.00	0.00
Variable Rate Notes	1,456,684,231.52	1,456,687,795.00
<b>Total</b>	<b>\$5,226,591,729.29</b>	<b>\$5,225,472,120.58</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Fidelity Investment Company 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 income or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

**Participant Summary**

Participant	Number of Participants	Balance
School District	102	\$2,034,910,132.62
Higher Education	15	\$683,583,765.31
Health Care	11	\$297,585,776.12
Utility District	24	\$345,731,604.83
City	60	\$768,278,652.46
County	34	\$412,809,158.60
Other	51	\$578,706,210.08



**TEXPOOL PRIME**

**Daily Summary**

Date	Money Mkt. Fund Equiv. (SEC-Std)	Dividend Factor	TexPool Prime Investor Balance	NAV	WAM Days	WAL Days
12/1	1.3067%	0.000035789	\$4,359,830,420.13	0.99996	39	83
12/2	1.3067%	0.000035789	\$4,359,830,420.13	0.99996	39	83
12/3	1.3067%	0.000035789	\$4,359,830,420.13	0.99996	39	83
12/4	1.3113%	0.000035927	\$4,363,215,843.28	0.99989	38	80
12/5	1.3090%	0.000035864	\$4,393,734,113.67	0.99988	38	79
12/6	1.3177%	0.000036102	\$4,398,784,834.08	0.99988	38	80
12/7	1.3231%	0.000036248	\$4,394,573,108.22	0.99987	38	80
12/8	1.3155%	0.000036042	\$4,436,639,975.23	0.99993	38	79
12/9	1.3155%	0.000036042	\$4,436,639,975.23	0.99993	38	79
12/10	1.3155%	0.000036042	\$4,436,639,975.23	0.99993	38	79
12/11	1.3165%	0.000036127	\$4,472,891,058.87	0.99995	38	77
12/12	1.3014%	0.000035655	\$4,436,639,975.23	0.99994	35	73
12/13	1.3222%	0.000036226	\$4,719,138,755.50	0.99991	38	75
12/14	1.4018%	0.000038405	\$4,732,063,767.87	0.99988	38	77
12/15	1.4092%	0.000038608	\$4,732,063,767.87	0.99988	39	77
12/16	1.4092%	0.000038608	\$4,712,722,744.15	0.99982	39	77
12/17	1.4092%	0.000038608	\$4,712,722,744.15	0.99982	39	77
12/18	1.4159%	0.000038791	\$4,803,842,877.39	0.99987	37	72
12/19	1.4300%	0.000039424	\$4,803,842,877.39	0.99986	38	74
12/20	1.4377%	0.000039588	\$4,782,090,851.29	0.99984	39	74
12/21	1.4481%	0.000039675	\$4,814,175,767.35	0.99982	39	75
12/22	1.4555%	0.000039877	\$4,807,402,922.90	0.99978	40	74
12/23	1.4555%	0.000039877	\$4,807,402,922.90	0.99978	40	74
12/24	1.4555%	0.000039877	\$4,807,402,922.90	0.99978	40	74
12/25	1.4555%	0.000039877	\$4,807,402,922.90	0.99978	40	74
12/26	1.5225%	0.000041713	\$5,034,385,696.63	0.99985	37	69
12/27	1.4723%	0.000040337	\$5,079,560,718.67	0.99983	36	66
12/28	1.4613%	0.000040035	\$5,152,447,380.21	0.99984	35	67
12/29	1.4746%	0.000040400	\$5,226,591,729.29	0.99981	38	68
12/30	1.4746%	0.000040400	\$5,226,591,729.29	0.99981	38	68
12/31	1.4746%	0.000040400	\$5,226,591,729.29	0.99981	38	68
<b>Average:</b>	<b>1.3917%</b>	<b>0.000038128</b>	<b>\$4,728,703,689.27</b>	<b>0.99988</b>	<b>38</b>	<b>76</b>



## December 2017 Economic Review

Neil Waud December 18, 2017

### U.S. Growth Revised Higher; Fed Moves at December Meeting

In a continuation of recent labor market themes, U.S. nonfarm payrolls expanded at a healthy pace in November while wage growth fell short of expectations. The U.S. economy added an above-consensus 228K jobs in November, and gains in the prior two months were revised higher by a net 3K. Year-to-date, payroll gains have averaged 173K per month compared to 191K and 228K per month in 2016 and 2015 respectively. While the pace of job creation has moderated as the economy approaches full employment, job gains remain sufficient to further reduce labor market slack. The unemployment rate held steady at 4.1%, the lowest level since December 2000, and the labor force participation rate was unchanged at 62.7%. Wage growth missed expectations with average hourly earnings rising 2.5% versus year-ago levels and falling short of expectations of a 2.7% gain.

The October CPI report suggests that core inflation may be stabilizing. Core CPI rose to a 1.8% annual rate in October after stalling at 1.7% for the previous five consecutive months. The Fed's preferred inflation gauge, the core PCE, has remained persistently softer rising at a 1.45% annual rate through October compared to 1.36% the prior month. The Fed continues to believe that recent softness in prices reflects transitory factors and that inflation will stabilize around their 2.0% target over the medium term. As was widely anticipated, the FOMC raised the Fed Funds target rate by 25 basis points to a range between 1.25-1.50 percent. The flattening of the U.S. Treasury yield curve remains a persistent theme as shorter-term rates rise on expectations of further Fed rate hikes and longer-term bonds benefit from global demand for yield and duration. At 0.56%, the spread between 2- and 10-year Treasury yields is the narrowest in over a decade.

U.S. real GDP growth was upwardly revised to an annualized pace of 3.3% from the previously estimated 3.0% in the third quarter. Growth was the fastest in three years and suggests the economy entered the fourth quarter on stronger footing than previously estimated. Consumer spending remains the primary driver of U.S. growth, but stronger business and government investment were generally responsible for the upward revision. The Atlanta Fed currently forecasts fourth quarter growth at a 2.5% annualized rate.

#### Treasury Yields

Maturity	12/7/17	11/7/17	Change
3 month	1.261%	1.199%	0.063%
6 Month	1.455%	1.327%	0.128%
1 Year	1.666%	1.488%	0.178%
2 Year	1.802%	1.629%	0.174%
3 Year	1.912%	1.735%	0.177%
5 Year	2.138%	1.988%	0.150%
10 Year	2.363%	2.315%	0.049%
30 Year	2.761%	2.777%	-0.016%

#### Agency Yields

Maturity	12/7/17	11/7/17	Change
3 month	1.332%	1.217%	0.115%
6 Month	1.413%	1.292%	0.121%
1 Year	1.578%	1.449%	0.129%
2 Year	1.878%	1.690%	0.188%
3 Year	2.001%	1.827%	0.174%
5 Year	2.208%	2.069%	0.139%

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

Maturity	11/3/17	10/3/17	Change
1 month	1.330%	1.230%	0.100%
3 Month	1.490%	1.360%	0.130%
6 Month	1.660%	1.540%	0.120%
9 Month	1.810%	1.720%	0.090%

#### Current Economic Releases

Data	Period	Value
GDP QoQ	Q3 '17	3.30%
US Unemployment	Nov '17	4.10%
ISM Manufacturing	Nov '17	58.20
PPI YoY	Oct '17	2.90%
CPI YoY	Oct '17	2.00%
Fed Funds Target	December 8, 2017	1.00% - 1.25%

Source: BLS releases

All comments and discussions presented are solely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on future events. The author does not warrant the accuracy of the information presented and does not assume any liability for investment decisions based on the information presented. The author is not a financial advisor and does not provide any financial advice. Past performance is not an indication of future performance. Any financial advisor with an experienced professional engaged for the specific purpose. Past performance is not an indication of future performance. Any financial advisor investment decision may incur losses.

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