



# MONTHLY FINANCIAL REPORT

## PERFORMANCE SUMMARY

April 2013

	Current Month	Year to Date	Chart
<b>GENERAL FUND</b>			
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	POSITIVE	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	POSITIVE	POSITIVE	E
<b>ENTERPRISE FUND</b>			
Water Billing Analysis	NEUTRAL	POSITIVE	F
Sewer Billing Analysis	POSITIVE	POSITIVE	G
Expense Analysis	POSITIVE	NEGATIVE	H
<b>HOTEL OCCUPANCY TAX REVENUE</b>			
Hotel Tax Revenue Analysis (most recent quarter)	N/A	N/A	I
Hotel Tax Revenue Analysis (quarterly comparison for year)	N/A	N/A	J
<b>SEDC</b>			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	K
Expenditure Analysis	NEUTRAL	POSITIVE	L
<b>CRIME DISTRICT</b>			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	M
Expenditure Analysis	POSITIVE	POSITIVE	N
<b>INVESTMENTS</b>			
Investment Report	N/A	N/A	O

**PERFORMANCE INDICATORS:**

<b>POSITIVE</b>
<b>NEGATIVE</b>
<b>NEUTRAL</b>

Positive = Positive variance as compared to seasonal trend.

Negative = Negative variance as compared to seasonal trend.

Neutral = Variance is less than 1%

# GENERAL FUND



CHART A

## TOTAL REVENUE THROUGH APRIL 30, 2013

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,087,063	3,958,481	96.85%	96.53%
Penalties & Interest	55,000	20,069	36.49%	50.66%
Sales Tax	1,365,000	824,257	60.39%	53.40%
Franchise Tax	665,000	395,993	59.55%	56.52%
Other Tax	75,000	52,768	70.36%	44.02%
License & Permits	200,000	111,303	55.65%	58.03%
Charges for Services	55,000	6,539	11.89%	31.46%
DOT Fines	100,000	33,916	33.92%	48.10%
Other Municipal Court Fees	608,500	228,106	37.49%	62.26%
Interest Income	3,228	2,425	75.14%	53.09%
Intergovernmental	512,896	284,705	55.51%	63.66%
Other Revenue	43,600	88,525	203.04%	69.62%
Transfers from Enterprise Fund	1,668,673	973,393	58.33%	58.33%
Payment for Services-EDC	<u>125,000</u>	<u>72,917</u>	<u>58.33%</u>	<u>58.33%</u>
<b>Total Revenues</b>	<b>9,563,960</b>	<b>7,053,397</b>	<b>73.75%</b>	<b>73.29%</b>

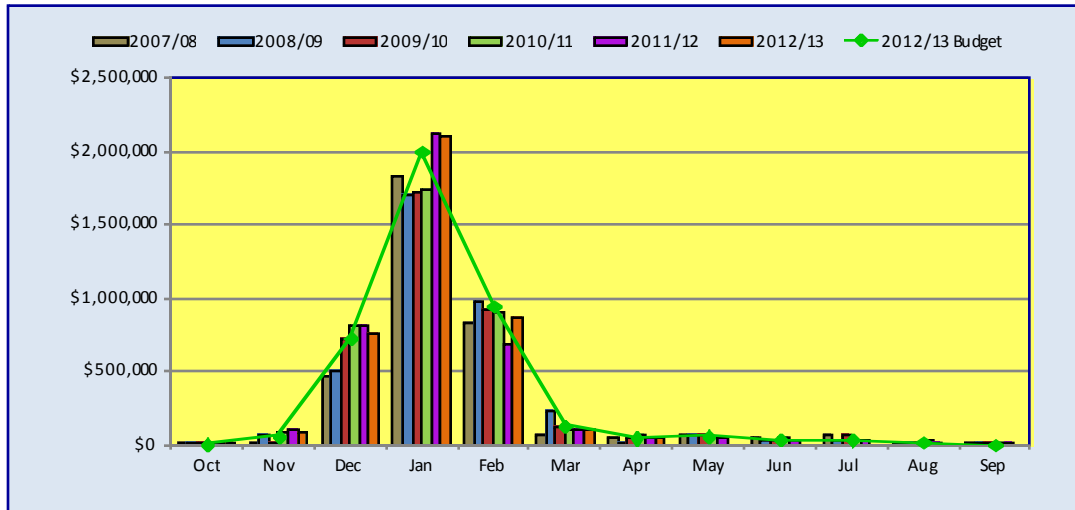
CHART B

## TOTAL EXPENDITURES THROUGH APRIL 30, 2013

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,256,116	3,459,370	55.30%	58.00%
Supplies	334,575	169,704	50.72%	45.20%
Services	2,588,599	1,453,928	56.17%	62.08%
Capital	210,895	45,609	21.63%	4.66%
Oper Transfer to Other Funds	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>
<b>Total Expenditures</b>	<b>9,390,185</b>	<b>5,128,612</b>	<b>54.62%</b>	<b>57.22%</b>

CHART C

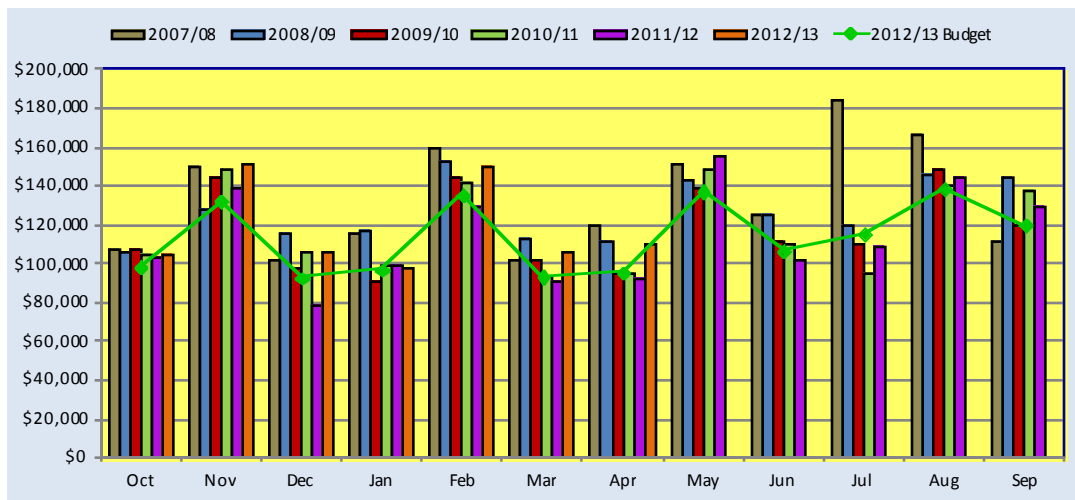
PROPERTY TAX ANALYSIS



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

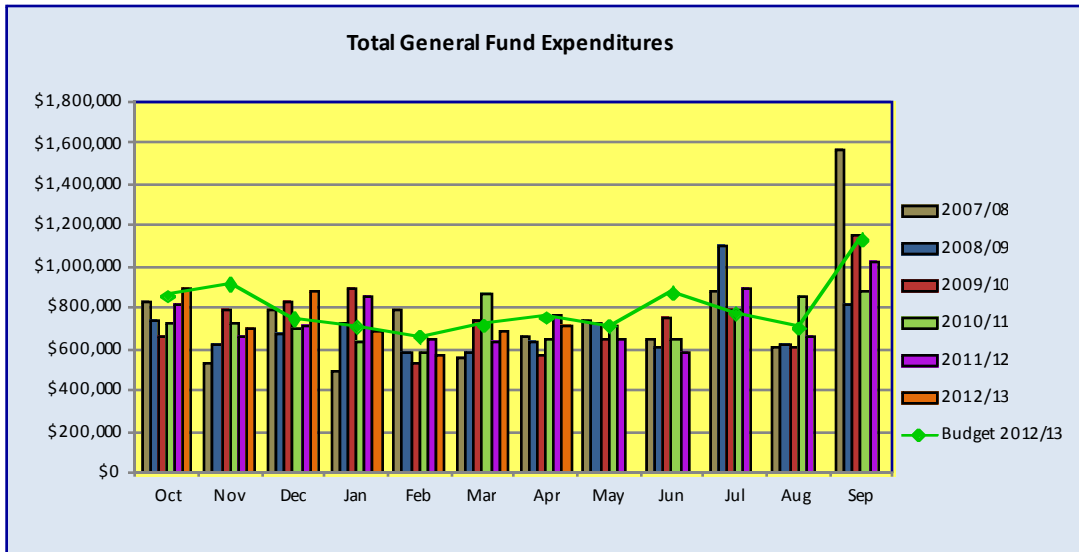
CHART D

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.

EXPENDITURE ANALYSIS



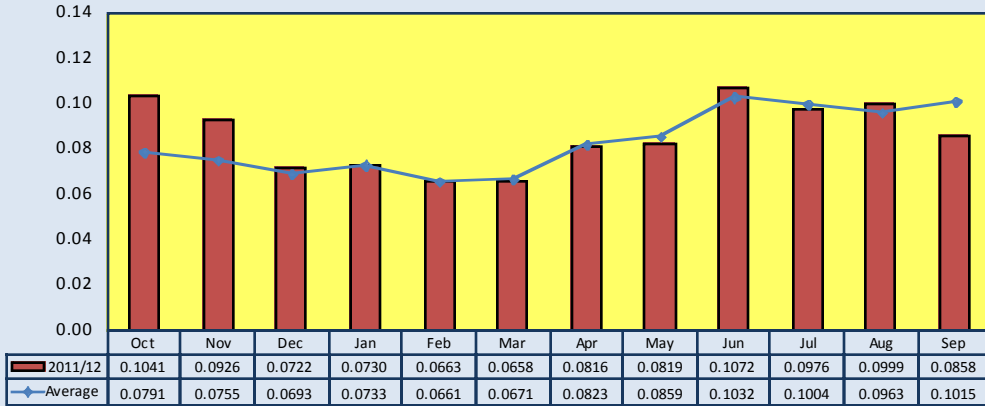
High expenditures in September 2008 are a result of Hurricane Ike.  
 High expenditures in September 2010 are due to city hall A/C replacement.



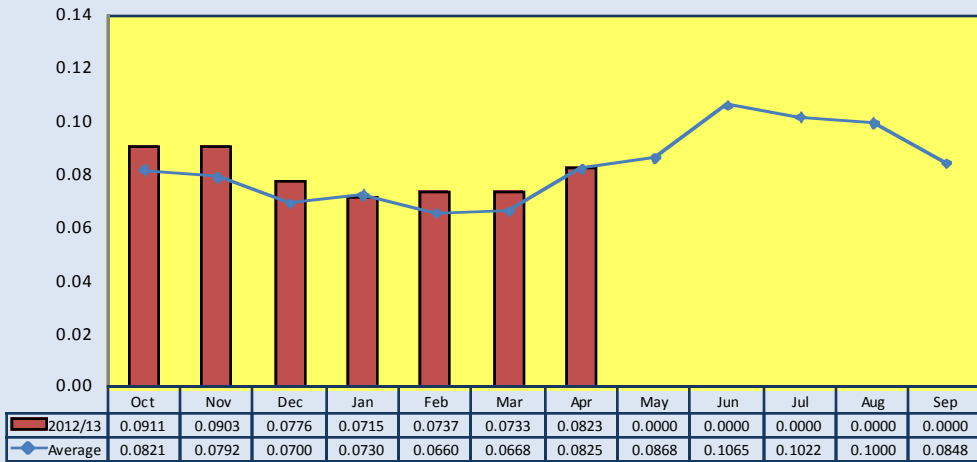
CHART F

WATER BILLING ANALYSIS

Average Percent of Water Billings by Month vs.  
2011/12 Percent of Budgeted Billings

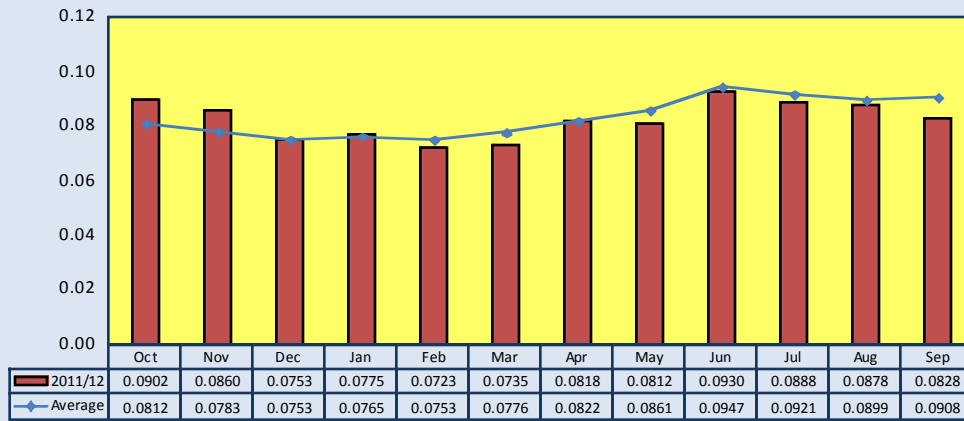


Average Percent of Water Billings by Month vs.  
2012/13 Percent of Budgeted Billings

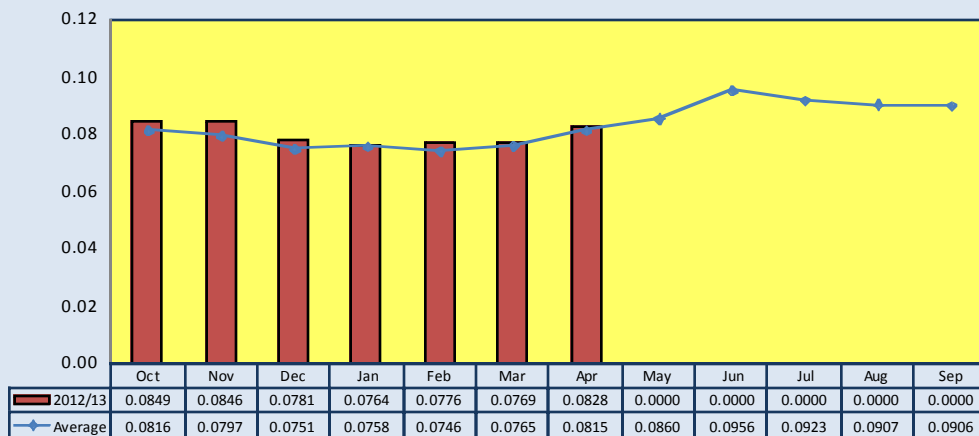


WASTEWATER BILLING ANALYSIS

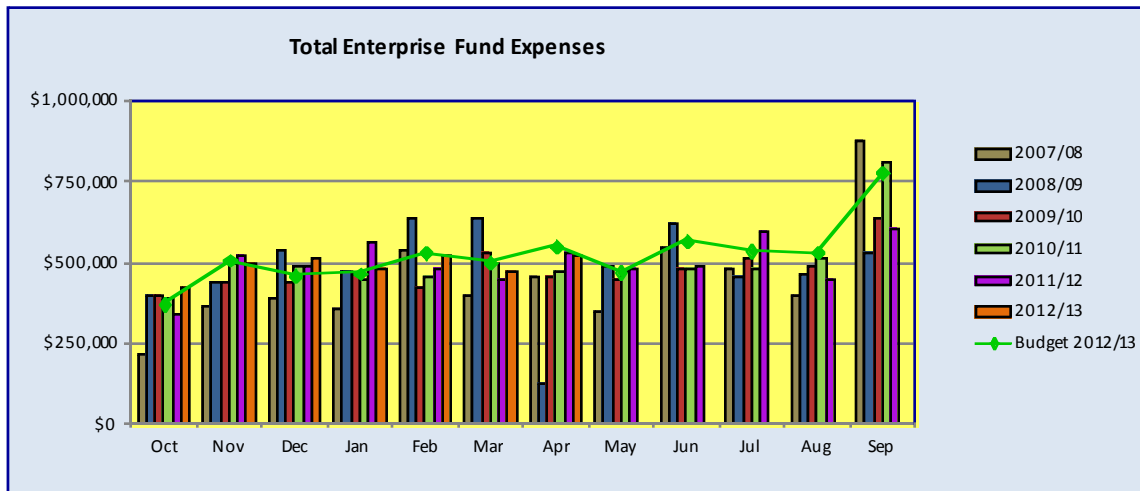
Average Percent of Wastewater Billings by Month vs. 2011/12 Percent of Budgeted Billings



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



EXPENDITURE ANALYSIS



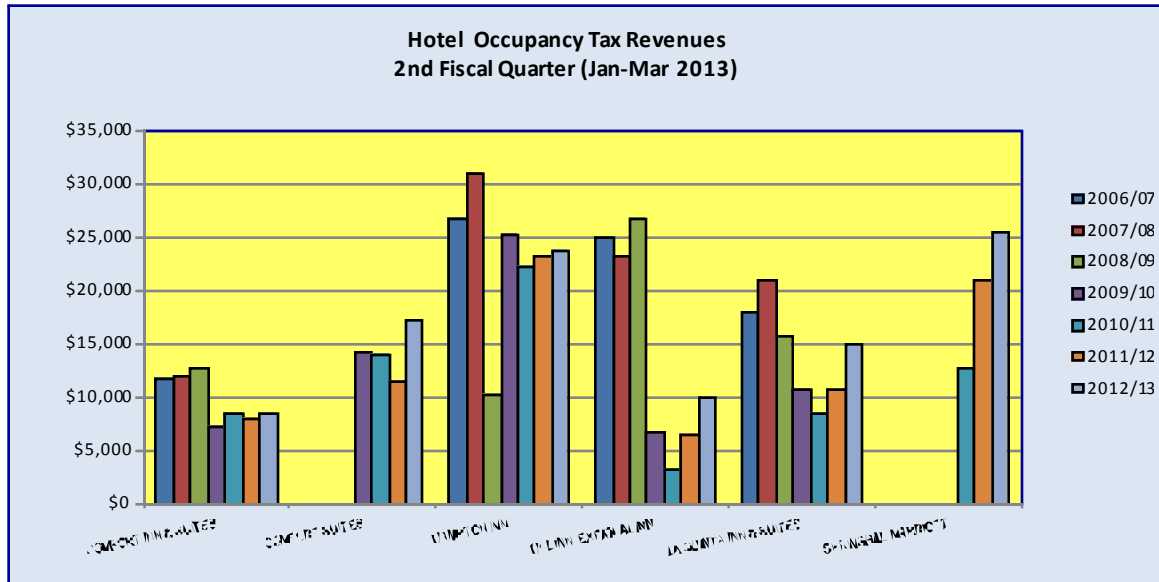
Low expenses April 2009 due to TML insurance reimbursement for IKE

# HOTEL TAX FUND



CHART I

## HOTEL TAX REVENUE ANALYSIS

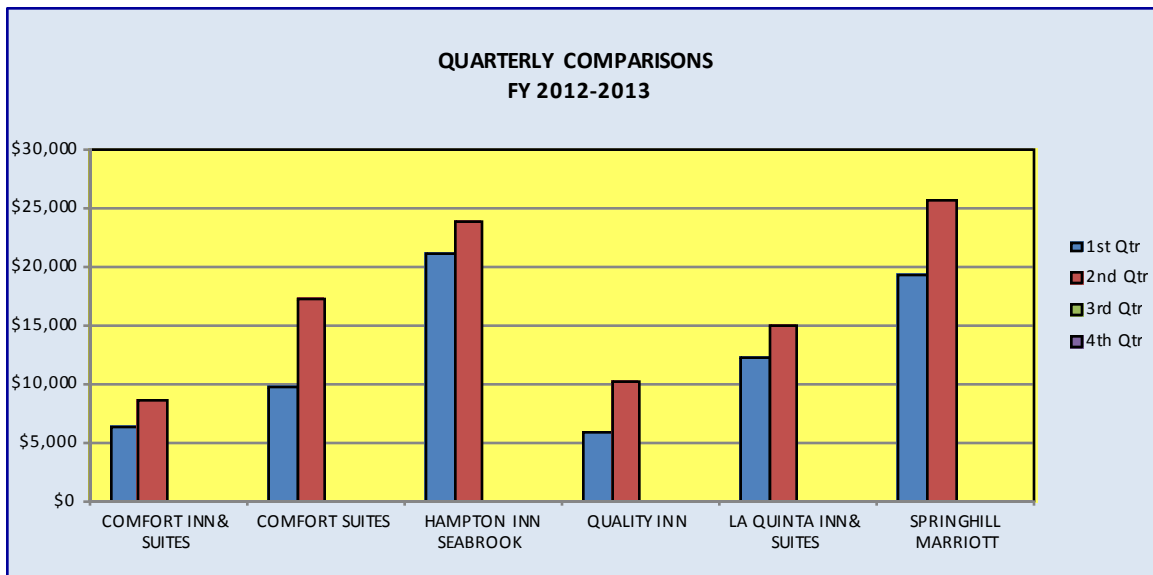


\*Comfort Suites-Bayport Blvd. opened 2008/09

\*\* Springhill Marriott opened last quarter 2010

CHART J

## HOTEL TAX REVENUE





# SEABROOK EDC



CHART K

## SALES TAX REVENUE ANALYSIS

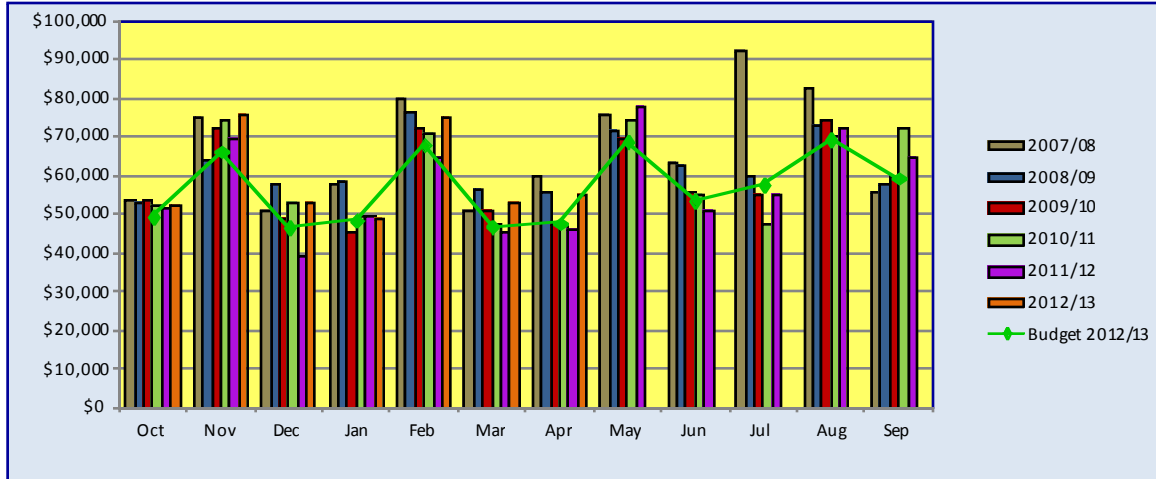
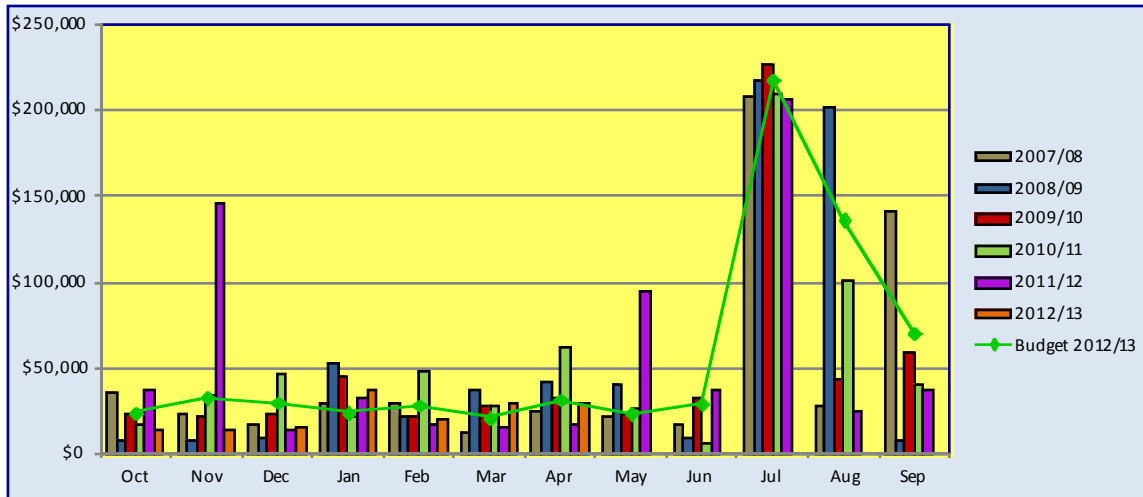


CHART L

## 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.



# INVESTMENTS



CHART O

## MONTHLY INVESTMENT REPORT

### TEXPOOL REPORT

MONTH OF APRIL 2013

0.1022%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Apr)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	5,033,507.55	(259,182.08)	407.58	4,774,733.05	Working capital
ENTERPRISE FUND - UNRESTRIC	2,715,770.22	157,169.29	264.87	2,873,204.38	Working capital
ENTERPRISE FUND - RESTRICTEI	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,230,291.66	0.00	187.39	2,230,479.05	Water & sewer lines extensions & expansions
PARK FEES	15,710.86	0.00	1.32	15,712.18	Reserved for acquisition & development of park land
CHILD SAFETY PROGRAMS	15,114.96	0.00	1.27	15,116.23	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	136,221.36	0.00	11.45	136,232.81	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	767,734.70	(769.41)	64.47	767,029.76	Restricted for promotion of tourism
DEBT SERVICE FUND	2,825,488.29	43,633.92	238.61	2,869,360.82	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	381,873.46	0.00	32.08	381,905.54	Funds transferred from Bond Mkt Acct to allow liquidity
FIRE BONDS	546,168.42	(2,000.00)	45.73	544,214.15	Funds transferred from Bond Mkt Acct to allow liquidity
STREET BONDS	39.71	0.00	0.00	39.71	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	7,908.02	(2,000.00)	0.51	5,908.53	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	232,511.35	0.00	19.54	232,530.89	
CRIME DISTRICT	96,630.68	(4,309.42)	7.84	92,329.10	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - UNRESTRICTED	1,873,372.35	69,457.70	194.79	1,943,024.84	Seabrook Economic Development Corporation II
SEDC II - RESTRICTED FOR BONI	223,755.00	0.00	incl in above	223,755.00	SEDC II - Reserve for revenue bond debt service
SEDC II - RESTRICT FOR EMERG	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	94,051.16	0.00	7.90	94,059.06	
PUBLIC SAFETY	65,130.10	0.00	5.47	65,135.57	
MUNI COURT - SECURITY FUND	27,647.17	(2,000.00)	2.17	25,649.34	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	10,030.66	0.00	0.84	10,031.50	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	8,479.92	0.00	0.71	8,480.63	
STABILIZATION FUND	801,045.25	0.00	67.31	801,112.56	
<b>TOTAL TEXPOOL FUND</b>	<b>18,588,482.85</b>	<b>(0.00)</b>	<b>1,561.85</b>	<b>\$18,590,044.70</b>	

The investment portfolio of the City of Seabrook is in compliance with the investment strategies expressed in the City's Investment Policy and relevant provisions of Chapter 2256 of the Local Government Code.

*Pam Lab*

Finance Director

# TEXPOOL

## ANNOUNCEMENTS

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

TexPool  
• Harris County

TexPool Prime  
• City of Texarkana  
• Harris County

## Upcoming Events

05/07/13 – 05/10/13

LBJ School/TACA,  
Austin

05/13/13 – 05/16/13

County Treasurer's Continuing  
Education Seminar,  
Austin

06/12/13 – 06/14/13

TASBO Summer Conference,  
Kerrville

06/12/13 – 06/14/13

TACCBO Conference,  
San Marcos

## 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

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## Monthly Newsletter May 2013

# Economic and Market Commentary

## Month in Cash: Easing has to end sometime

May 1, 2013

Despite somewhat weaker economic releases in March and the early part of April, first quarter 2013 Gross Domestic Product (GDP) came in at 2.5%, a step up from fourth quarter 2012's anemic 0.4% increase. While GDP may have missed estimates, which had been expecting 3.0% growth, and there have been fits and starts in this recovery, key sectors such as employment and housing seem to be on positive paths, and the recovery as a whole is on fairly firm footing. While nothing immediate is expected, if these trends continue the improving economic picture is likely to spark some modification to the Federal Reserve's monthly purchases of \$85 billion in longer-term Treasury and agency mortgage-backed securities.

It's too early to tell how the modification might be configured, and whether it would involve cutting back on reinvestments of payments, or even which sectors might be targeted. It's also unlikely any changes will come before the second half of 2013. Once modifications to QE begin, however, the yield curve is expected to steepen and purchases out in the six- to 12-month range should begin to look more attractive. Certainly, the Fed is not likely to move the 0% to 0.25% federal funds target rate until well into 2014, but the adjustments to QE will have some effect on the yield curve. We believe the sentiment that this low-rate environment will go on into infinity seems to be somewhat overdone. As a result, Federated's money funds have been slightly shorter in weighted average maturity, on a barbell basis, than they had been previously, with some additional concentration in floating-rate securities in order to be in a more responsive position when the steepening of the yield curve does start to happen.

While the asset-backed commercial paper sector has not yet begun to grow, it's no longer shrinking, as it had been for the past few years, and that's a good thing. The underlying receivables have been doing very well, with auto loans and credit cards performing with minimal loss. We've seen more issuers and a higher volume. The spread in the asset-backed commercial paper market has dwindled, and is not as attractive as it once was, but it's still an active marketplace, and is expected to grow in the second half of 2013 as the economy continues to improve.

Overnight repurchase agreement (repo) rates had hovered in the upper end of the 0% to 0.25% target range, at around 22-23 basis points, throughout the second half of 2012. In the first quarter of 2013, however, repo rates dipped lower, in the 14-16 basis-point range. There

(continued page 6)

## PERFORMANCE as of April 30, 2013

	TexPool	TexPool Prime
Current Invested Balance	\$16,794,931,343.00	\$1,103,420,485.58
Weighted Average Maturity (1)*	50 Days	47 Days
Weighted Average Maturity (2)*	77 Days	61 Days
Net Asset Value	1.00010	1.00008
Total Number of Participants	2,282	157
Management Fee on Invested Balance	0.0473%	0.0630%
Interest Distributed	\$ 1,450,828.32	\$ 117,287.03
Management Fee Collected	\$672,944.73	\$58,504.06
Standard & Poor's Current Rating	AAAm	AAAm

## Month Averages

Average Invested Balance	\$17,264,209,213.34	\$1,131,000,536.15
Average Monthly Yield, on a simple basis (3)*	0.10%	0.13%
Average Weighted Average Maturity (1)*	49 Days	53 Days
Average Weighted Average Maturity (2)*	75 Days	67 Days

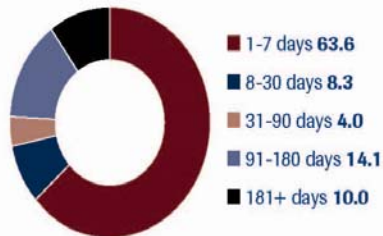
\*Definitions for Average Monthly Yield and Weighted Average Maturity can be found on page 2.

# TEXPOOL

May 2013

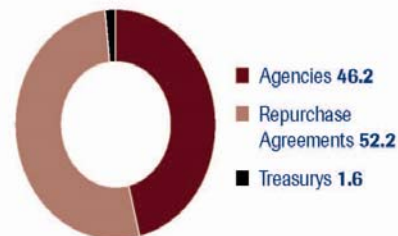
## Portfolio by Maturity (%)

As of April 30, 2013



## Portfolio by Type of Investment (%)

As of April 30, 2013



### PORTFOLIO ASSET SUMMARY AS OF APRIL 30, 2013

	Book Value	Market Value
Uninvested Balance	\$289,502.58	\$289,502.58
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	9,649,548.33	9,649,548.33
Interest and Management Fees Payable	-1,450,906.00	-1,450,906.00
Payable for Investments Purchased	-40,644,460.62	-40,644,460.62
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	8,787,253,000.00	8,787,206,370.00
Mutual Fund Investments	0.00	0.00
Government Securities	7,777,570,331.69	7,779,177,224.24
U.S. Treasury Bills	0.00	0.00
U.S. Treasury Notes	262,264,327.02	262,339,000.00
<b>Total</b>	<b>\$16,794,931,343.00</b>	<b>\$16,796,566,278.53</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

### PARTICIPANT SUMMARY

	Number of Participants	Balance
School District	571	\$6,135,018,839.05
Higher Education	56	\$1,338,265,275.28
Healthcare	79	\$411,505,717.36
Utility District	700	\$1,735,249,938.89
City	444	\$4,388,752,453.97
County	173	\$1,485,026,254.51
Other	259	\$1,300,706,258.79

#### 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)
04/01	0.1209%	0.00003311	\$17,717,567,135.74	1.00008	51	73
04/02	0.1121%	0.00003070	\$17,677,038,003.99	1.00008	51	74
04/03	0.1027%	0.00002814	\$17,700,821,989.35	1.00009	51	73
04/04	0.1084%	0.00002970	\$17,589,802,949.76	1.00009	51	72
04/05	0.1032%	0.00002827	\$17,526,382,234.24	1.00009	50	72
04/06	0.1032%	0.00002827	\$17,526,382,234.24	1.00009	50	72
04/07	0.1032%	0.00002827	\$17,526,382,234.24	1.00009	50	72
04/08	0.1104%	0.00003024	\$17,420,260,239.99	1.00009	48	72
04/09	0.1079%	0.00002957	\$17,456,758,703.61	1.00009	49	73
04/10	0.1091%	0.00002989	\$17,358,603,658.34	1.00009	49	73
04/11	0.1145%	0.00003138	\$17,367,758,278.63	1.00009	48	73
04/12	0.1076%	0.00002949	\$17,310,779,188.29	1.00009	49	73
04/13	0.1076%	0.00002949	\$17,310,779,188.29	1.00009	49	73
04/14	0.1076%	0.00002949	\$17,310,779,188.29	1.00009	49	73
04/15	0.1134%	0.00003107	\$17,232,919,948.05	1.00009	47	73
04/16	0.1110%	0.00003042	\$17,253,897,947.06	1.00009	47	73
04/17	0.1098%	0.00003008	\$17,215,445,275.40	1.00010	48	77
04/18	0.1068%	0.00002926	\$17,182,183,506.92	1.00010	47	77
04/19	0.0980%	0.00002685	\$17,134,941,784.14	1.00010	47	76
04/20	0.0980%	0.00002685	\$17,134,941,784.14	1.00010	47	76
04/21	0.0980%	0.00002685	\$17,134,941,784.14	1.00010	47	76
04/22	0.1040%	0.00002850	\$17,054,710,954.95	1.00010	48	76
04/23	0.0907%	0.00002211	\$17,070,628,401.48	1.00010	49	77
04/24	0.0820%	0.00002247	\$16,948,766,222.17	1.00009	50	78
04/25	0.0961%	0.00002632	\$17,035,590,495.33	1.00009	49	77
04/26	0.0842%	0.00002306	\$17,022,325,893.41	1.00010	50	78
04/27	0.0842%	0.00002306	\$17,022,325,893.41	1.00010	50	78
04/28	0.0842%	0.00002306	\$17,022,325,893.41	1.00010	50	78
04/29	0.0964%	0.00002642	\$16,864,304,046.33	1.00010	49	76
04/30	0.1015%	0.00002782	\$16,794,931,343.00	1.00010	50	77
<b>Average</b>	<b>0.1022%</b>	<b>0.00002801</b>	<b>\$17,264,209,213.34</b>	<b>1.00009</b>	<b>49</b>	<b>75</b>

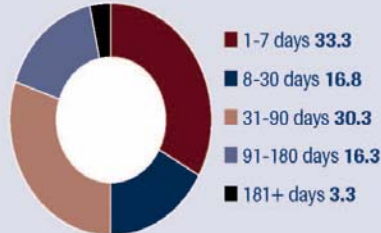


# TEXPOOL PRIME

May 2013

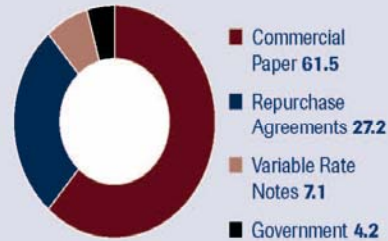
## Portfolio by Maturity (%)

As of April 30, 2013



## Portfolio by Type of Investment (%)

As of April 30, 2013



### PORTFOLIO ASSET SUMMARY AS OF APRIL 30, 2013

	Book Value	Market Value
Uninvested Balance	\$1,526.66	\$1,526.66
Accrual of Interest Income	235,392.80	235,392.80
Interest and Management Fees Payable	-117,287.07	-117,287.07
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	299,821,000.00	299,821,000.00
Commercial Paper	678,073,180.69	678,133,608.00
Bank Instruments	0.00	0.00
Mutual Fund Investments	0.00	0.00
Government Securities	66,606,672.50	66,632,109.00
Variable Rate Notes	58,800,000.00	58,801,336.00
<b>Total</b>	<b>\$1,103,420,485.58</b>	<b>\$1,103,507,685.39</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

### PARTICIPANT SUMMARY

	Number of Participants	Balance
School District	72	\$493,519,470.60
Higher Education	8	\$60,520,165.12
Healthcare	7	\$36,906,063.27
Utility District	5	\$52,125,040.79
City	29	\$117,893,068.75
County	18	\$166,951,535.53
Other	18	\$1,103,420,755.64

# TEXPOOL PRIME

DAILY SUMMARY						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Daily Allocation Factor	TexPool Prime Invested Balance	Market Value Per Share	WAM Days (1)	WAM Days (2)
04/01	0.1481%	0.000004058	\$1,131,613,208.93	1.00008	52	67
04/02	0.1337%	0.000003663	\$1,132,570,391.30	1.00008	51	66
04/03	0.1230%	0.000003369	\$1,133,842,045.17	1.00008	51	66
04/04	0.1275%	0.000003494	\$1,131,480,783.42	1.00007	51	66
04/05	0.1325%	0.000003631	\$1,138,741,324.17	1.00006	51	66
04/06	0.1325%	0.000003631	\$1,138,741,324.17	1.00006	51	66
04/07	0.1325%	0.000003631	\$1,138,741,324.17	1.00006	51	66
04/08	0.1300%	0.000003561	\$1,137,513,380.72	1.00006	53	67
04/09	0.1316%	0.000003606	\$1,129,462,656.51	1.00006	56	70
04/10	0.1335%	0.000003657	\$1,127,096,585.90	1.00006	59	73
04/11	0.1416%	0.000003879	\$1,131,513,512.31	1.00006	59	72
04/12	0.1374%	0.000003765	\$1,132,763,118.37	1.00006	58	72
04/13	0.1374%	0.000003765	\$1,132,763,118.37	1.00006	58	72
04/14	0.1374%	0.000003765	\$1,132,763,118.37	1.00006	58	72
04/15	0.1302%	0.000003566	\$1,152,550,008.88	1.00006	55	68
04/16	0.1291%	0.000003538	\$1,154,525,217.29	1.00006	54	67
04/17	0.1288%	0.000003528	\$1,149,194,643.83	1.00006	53	67
04/18	0.1266%	0.000003468	\$1,143,614,558.62	1.00006	53	66
04/19	0.1250%	0.000003425	\$1,141,195,312.01	1.00006	53	66
04/20	0.1250%	0.000003425	\$1,141,195,312.01	1.00006	53	66
04/21	0.1250%	0.000003425	\$1,141,195,312.01	1.00006	53	66
04/22	0.1237%	0.000003388	\$1,136,953,307.20	1.00006	51	64
04/23	0.1038%	0.000002943	\$1,130,764,020.13	1.00007	49	62
04/24	0.1051%	0.000002879	\$1,125,059,897.57	1.00007	51	64
04/25	0.1156%	0.000003166	\$1,112,343,272.43	1.00007	51	64
04/26	0.1101%	0.000003017	\$1,106,990,398.99	1.00006	51	64
04/27	0.1101%	0.000003017	\$1,106,990,398.99	1.00006	51	64
04/28	0.1101%	0.000003017	\$1,106,990,398.99	1.00006	51	64
04/29	0.1162%	0.000003184	\$1,107,437,648.12	1.00008	48	61
04/30	0.1300%	0.000003562	\$1,103,420,485.58	1.00008	47	61
<b>Average</b>	<b>0.1264%</b>	<b>0.000003464</b>	<b>\$1,131,000,536.15</b>	<b>1.00007</b>	<b>53</b>	<b>67</b>



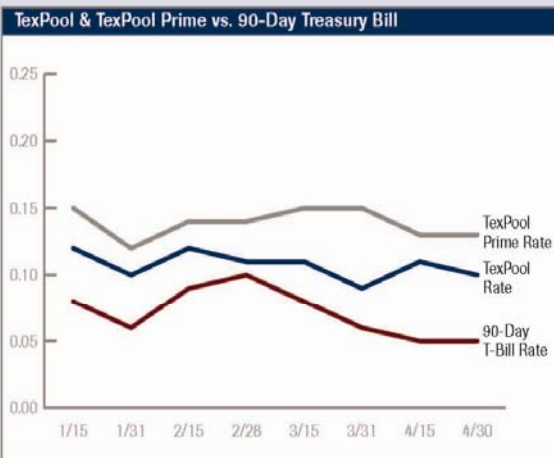
# TEXPOOL

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

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was then some further softening toward the end of April, down to 5-7 basis points in few instances, before rates bounced back up into the mid-teens again. Repo rates are likely to stay in that mid-teen range for the remainder of the second quarter. As a result, we have positioned funds to have less exposure to overnight repos than has historically been the case.

Dysfunctionality remains well in force in Washington, and the battling factions are heading toward another showdown on May 19, when the Congressional suspension of the nation's borrowing limit is due to run out. With little more than two weeks to go before the deadline, there is little, if any, talk of a compromise solution, and more troubling, little concern on Capitol Hill that we're this close without any substantive discussion taking place. The sequester cuts first enacted on March 1 continue on course without a fix in sight. We've seen some public pressure come to bear on Congress from airport delays related to cutbacks in air traffic controllers, but little else has made headlines, despite the negative effects federal spending cutbacks seem to be having on the recovery. From a money market standpoint, in terms of short-term rates and supply, there has not been much impact—yet.



*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.*