



MONTHLY FINANCIAL REPORT

PERFORMANCE SUMMARY

July -September 2013

	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
NEGATIVE
NEUTRAL

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 SEPTEMBER 30, 2013

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,087,063	4,052,603	99.16%	100.00%
Penalties & Interest	55,000	36,218	65.85%	100.00%
Sales Tax	1,365,000	1,489,580	109.13%	100.00%
Franchise Tax	665,000	699,844	105.24%	100.00%
Other Tax	75,000	128,001	170.67%	100.00%
License & Permits	200,000	183,263	91.63%	100.00%
Charges for Services	55,000	53,847	97.90%	100.00%
DOT Fines	100,000	43,474	43.47%	100.00%
Other Municipal Court Fees	608,500	348,197	57.22%	100.00%
Interest Income	3,228	3,398	105.25%	100.00%
Intergovernmental	512,896	527,073	102.76%	100.00%
Other Revenue	43,600	131,929	302.59%	100.00%
Transfers from Enterprise Fund	1,668,673	1,668,673	100.00%	100.00%
Payment for Services-EDC	<u>125,000</u>	<u>125,000</u>	<u>100.00%</u>	<u>100.00%</u>
Total Revenues	9,563,960	9,491,099	99.24%	100.00%

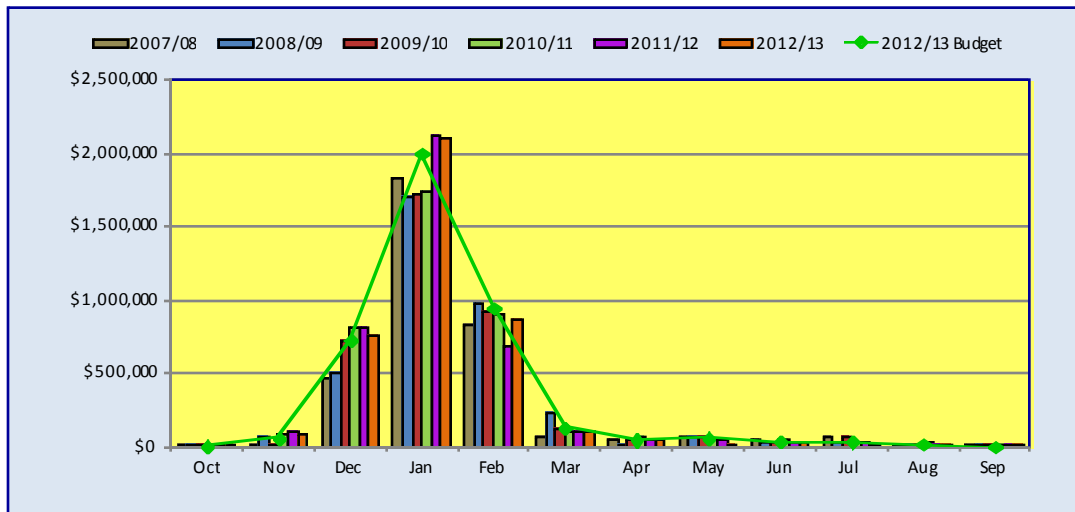
CHART B

TOTAL EXPENDITURES THROUGH SEPTEMBER 30, 2013

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,256,116	6,063,331	96.92%	100.00%
Supplies	334,575	338,961	101.31%	100.00%
Services	2,588,599	2,430,389	93.89%	100.00%
Capital	210,895	335,443	159.06%	100.00%
Oper Transfer to Other Funds	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>
Total Expenditures	9,390,185	9,168,124	97.64%	100.00%

CHART C

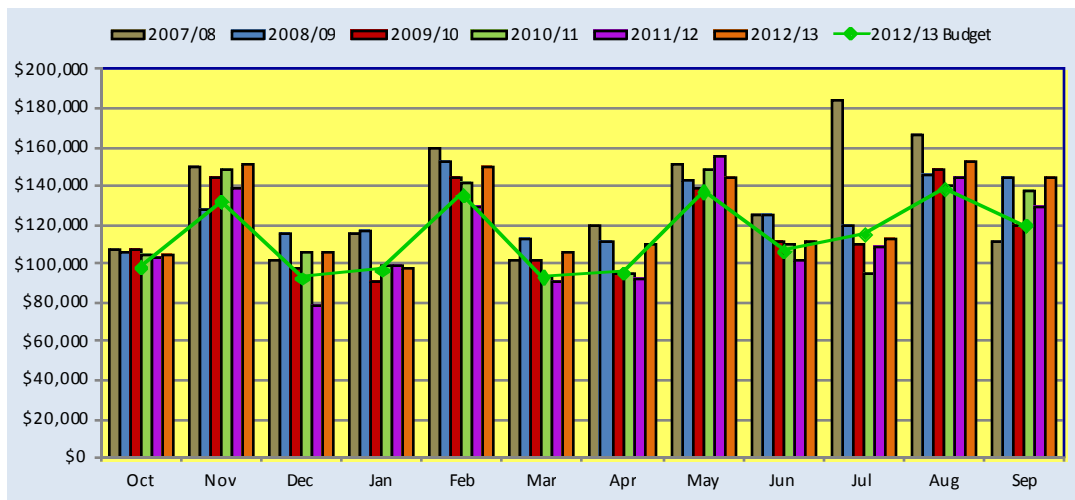
PROPERTY TAX ANALYSIS



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

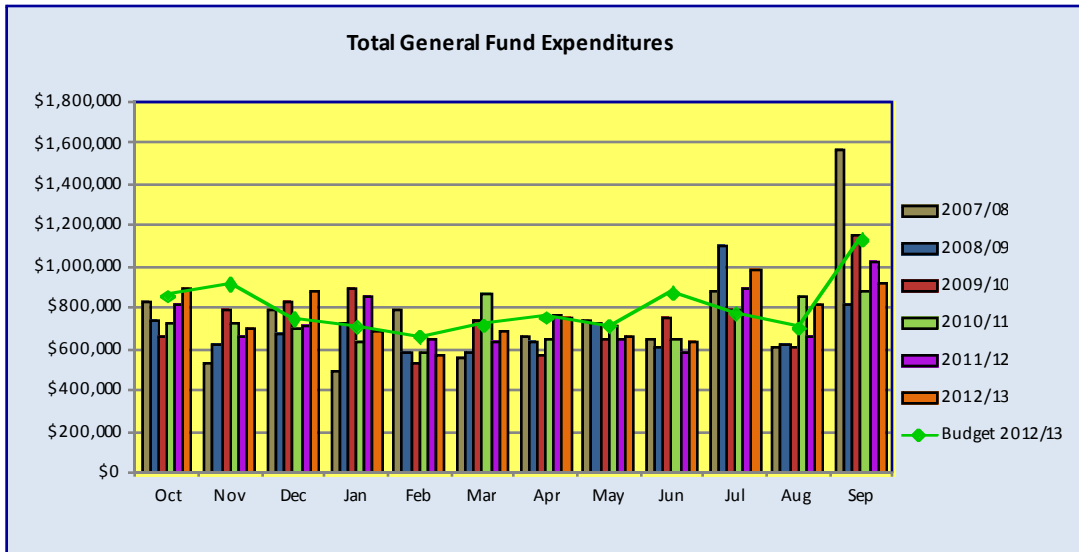
CHART D

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



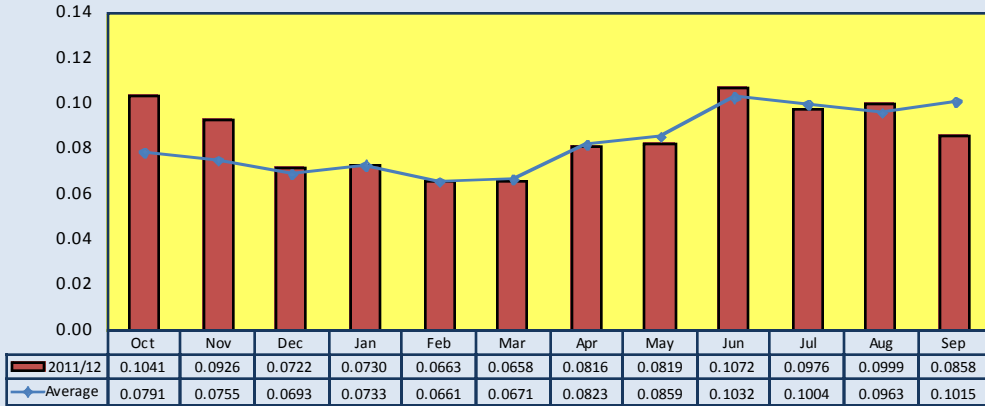
High expenditures in September 2008 are a result of Hurricane Ike.
High expenditures in September 2010 are due to city hall A/C replacement.



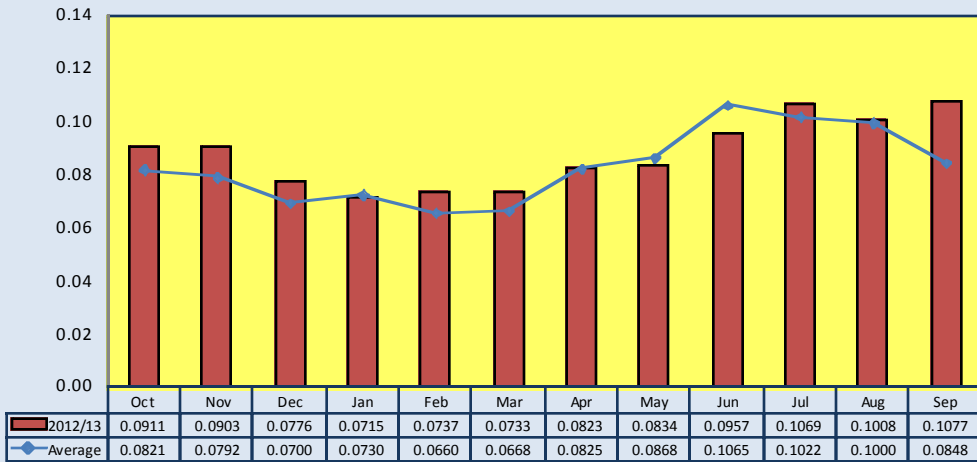
CHART F

WATER BILLING ANALYSIS

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

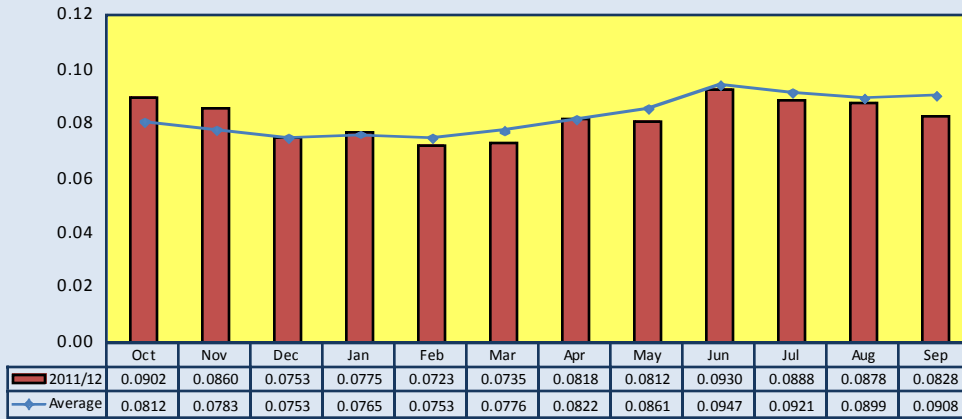


Average Percent of Water Billings by Month vs.
2012/13 Percent of Budgeted Billings

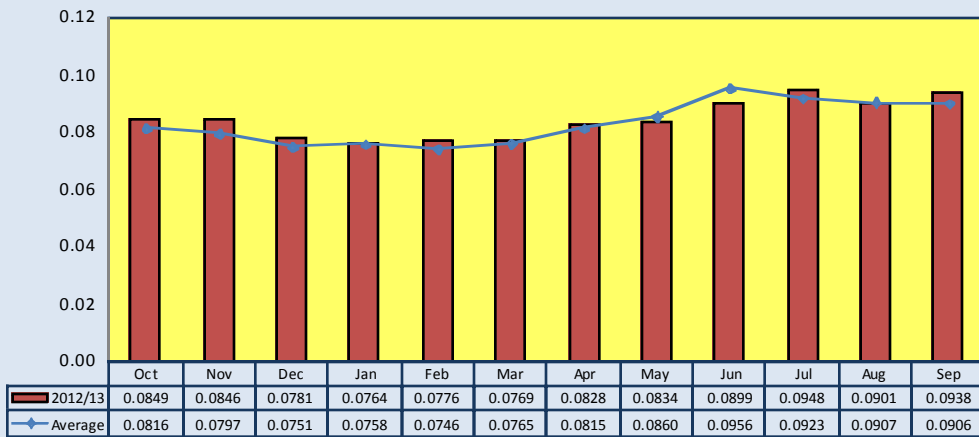


WASTEWATER BILLING ANALYSIS

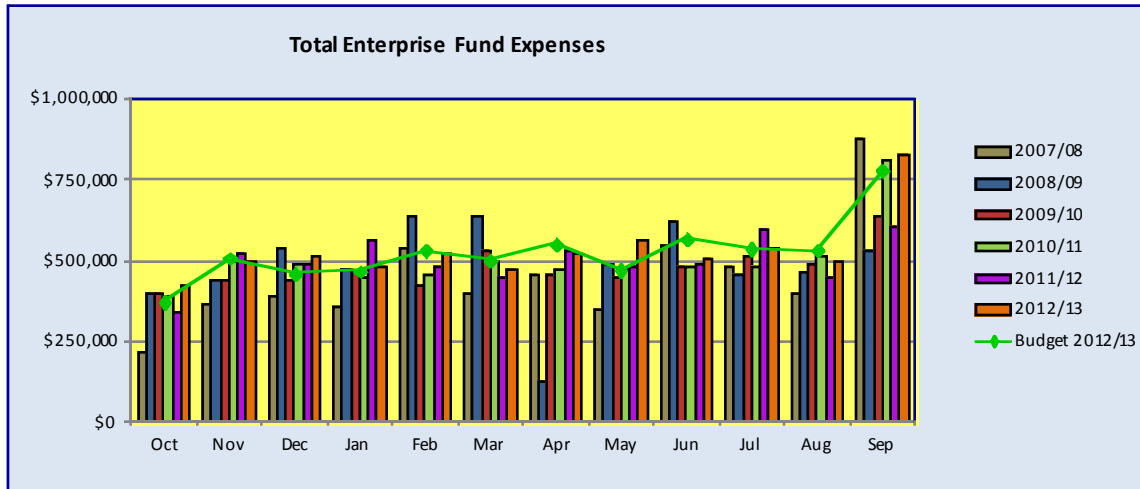
Average Percent of Wastewater Billings by Month vs. 2011/12 Percent of Budgeted Billings



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



EXPENDITURE ANALYSIS



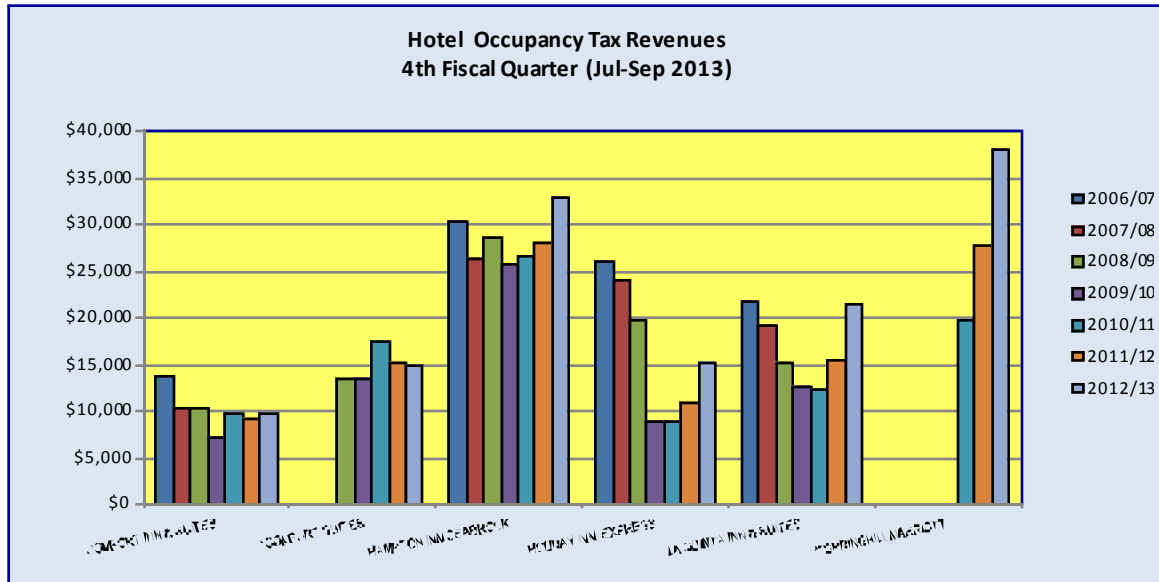
Low expenses April 2009 due to TML insurance reimbursement for IKE
Sept 2013 EXCLUDES \$905k for property acquisition

HOTEL TAX FUND



CHART I

HOTEL TAX REVENUE ANALYSIS

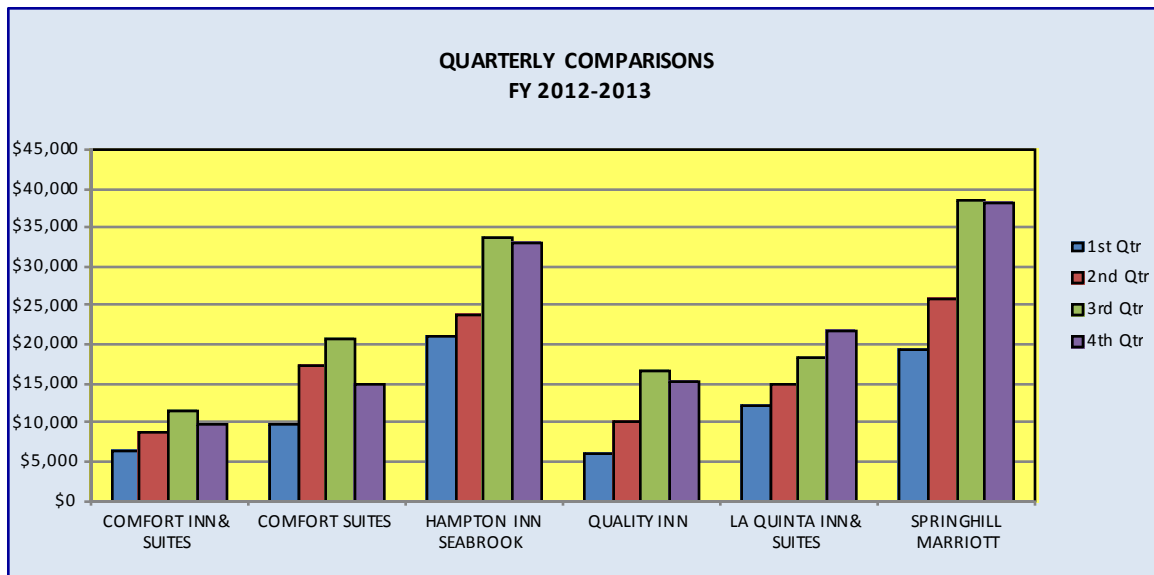


*Comfort Suites-Bayport Blvd. opened 2008/09

** Springhill Marriott opened last quarter 2010

CHART J

HOTEL TAX REVENUE



SEABROOK EDC



CHART K

SALES TAX REVENUE ANALYSIS

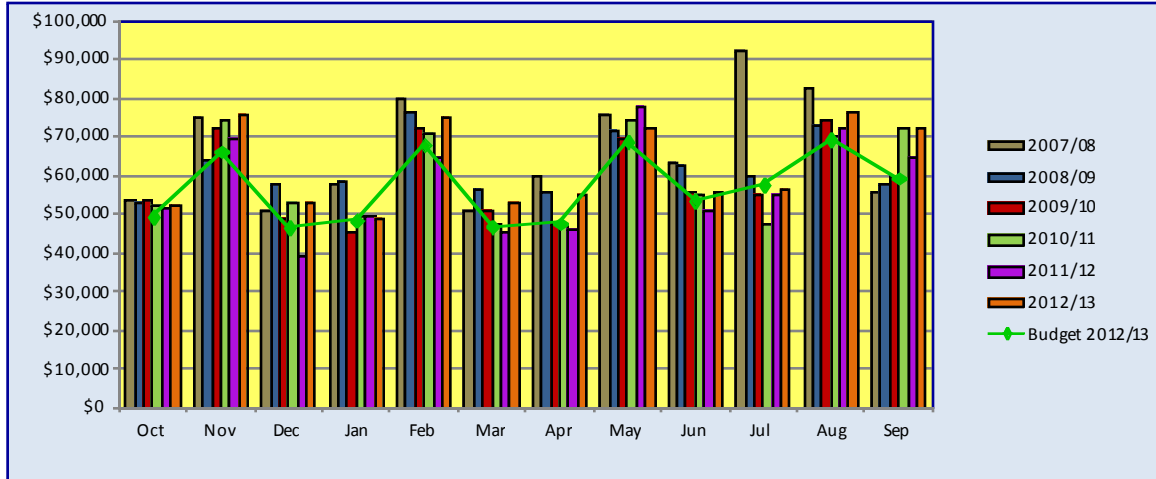
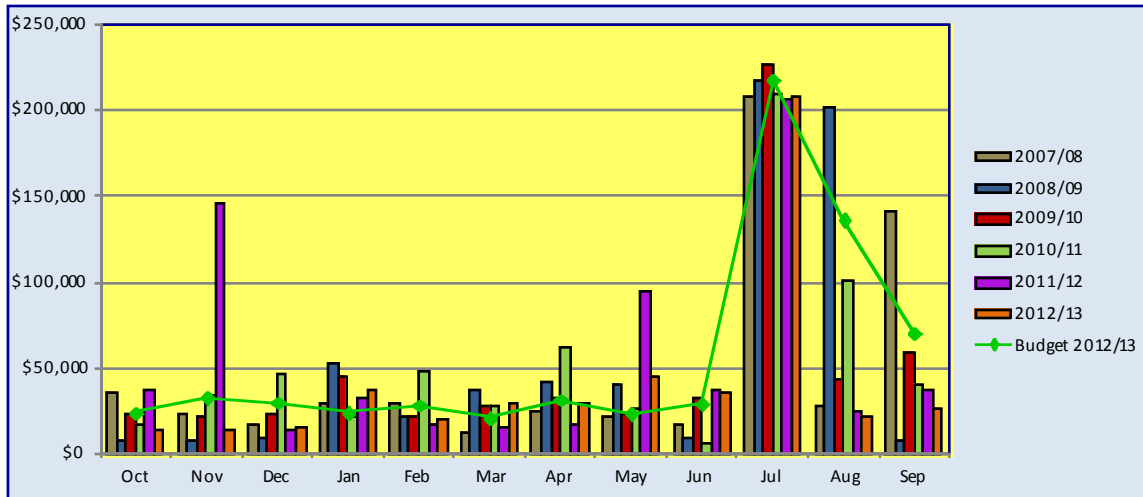


CHART L

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.

INVESTMENTS



CHART O

MONTHLY INVESTMENT REPORT

TEXPOOL REPORT

MONTH OF SEPTEMBER 2013
0.0394%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Sept)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	3,680,811.22	(503,550.25)	113.65	3,177,374.62	Working capital
ENTERPRISE FUND - UNRESTRIC	3,757,798.19	(1,070,509.40)	108.34	2,687,397.13	Working capital
ENTERPRISE FUND - RESTRICTEI	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,230,903.46	(20,000.00)	72.31	2,210,975.77	Water & sewer lines extensions & expansions
PARK FEES	15,715.16	0.00	0.51	15,715.67	Reserved for acquisition & development of park land
CHILD SAFETY PROGRAMS	15,119.11	0.00	0.49	15,119.60	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	118,063.70	(16,000.00)	3.50	102,067.20	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	872,218.19	(27.50)	28.28	872,218.97	Restricted for promotion of tourism
DEBT SERVICE FUND	1,710,061.78	3,574.66	55.45	1,713,691.89	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	381,978.22	0.00	12.39	381,990.61	Funds transferred from Bond Mkt Acct to allow liquidity
FIRE BONDS	394,302.53	0.00	12.78	394,315.31	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	4,909.65	(2,340.00)	0.12	2,569.77	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	332,579.00	0.00	10.78	332,589.78	
CRIME DISTRICT	221,265.22	5,701.21	7.13	226,973.56	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - UNRESTRICTED	2,162,069.92	(343,216.22)	75.82	1,818,929.52	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	44,072.22	0.00	1.43	44,073.65	
PUBLIC SAFETY	65,147.98	0.00	2.11	65,150.09	
MUNI COURT - SECURITY FUND	25,654.23	(2,000.00)	0.79	23,655.02	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	10,033.41	0.00	0.33	10,033.74	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	8,482.23	(2,000.00)	0.25	6,482.48	
PEG Fund	0.00	367.50	0.00	367.50	
STABILIZATION FUND	801,264.99	0.00	25.98	801,290.97	
TOTAL TEXPOOL FUND	17,556,205.41	(1,950,000.00)	532.44	\$15,606,737.85	

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 September 2013:

- TexPool**
- YES Prep Public Schools
 - Bell County MUD 1
 - City of Wills Point
 - Town of Quintara

- TexPool Prime**
- YES Prep Public Schools
 - City of Wills Point
 - Town of Quintara

Upcoming Events

10/08/13 - 10/11/13

TML Conference

Austin

10/15/13 - 10/18/13

TACA

Abilene

10/23/13 - 10/25/13

GFOAT Fall Conference

Richardson

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

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Monthly Newsletter October 2013

Economic and Market Commentary

Month in Cash: We can't get too mad at the Fed

October 1, 2013

We along with many others were as much befuddled as we were disappointed when Fed policymakers decided to put off tapering in September. We had expected a minimal pullback in the central bank's \$85 billion in monthly purchases—enough to likely nudge up rates along the cash-yield curve as supply got reintroduced into the marketplace and the market began to price in the prospect for higher rates down the road. The Fed had been telegraphing tapering for much of the summer and the economic data—including that which was laid out by the policy-setting Federal Open Market Committee (FOMC) itself in its post-meeting statement and projections—seemed to justify such a move. Perhaps politics (concerns over how the next act in the ongoing Washington debt-ceiling/fiscal drama will play out) and succession issues (Chairman Ben Bernanke is set to step down in January and the jockeying for his post—historically a muted affair—has been rather public) got in the way.

Whatever the reason, the lack of action by the Fed definitely has put a bit more downward pressure on short rates and repos in particular. The good news, however, is that even as it put off pulling back, the Fed went forward with its test of overnight reverse repos, which it plans to use to manage the central bank's exit from the extraordinary monetary accommodation of the past five years. While the program won't get started in full until tapering is done—and it now looks like that may not be completed until the latter stages of 2014—the availability of the overnight repos at rates set by the Fed have helped to establish a floor, nudging them up from still very low levels. This test, under which we've been able to purchase around \$500 million daily and significantly more than that on some days, is set to run through January. So what the Fed didn't give with one hand, it did give with the other. At the least, the two forces—no tapering but reverse overnight repos—are offsetting each other and helping prevent rates from slipping lower.

Still, the reality is the Fed's inaction means short-term rates are going to stay lower for a little longer. The lack of movement at the September 17-18 FOMC meeting should serve to lengthen the time frame on Phase 1, Phase 2 and Phase 3 of the unwind process. Phase 1 is the stage in which the Fed starts to stop and eventually ends quantitative easing by paring the \$85 billion in monthly Treasury and agency mortgage-backed security purchases—the so-called tapering phase. Many thought that would start this month. Phase 2 represents the portion in which the Fed launches its reverse overnight repo program in earnest to help shed the more than \$3 trillion added to its balance sheet through QE and other extraordinary measures since the global financial crisis's onset. This program can't get fully underway until Phase 1 is done. Phase 3 represents actual tightening itself, i.e., increases in the target funds rate. It doesn't look like that will happen until late 2014-early 2015 at the earliest.

It's not clear what may happen when a new chairman comes in, but it's worth noting the presumed front-runner, now that the more hawkish Lawrence Summers has pulled his name from consideration, is Janet Yellen, who firmly is aligned with the Fed's more dovish faction. While

(continued page 6)

PERFORMANCE AS OF SEPTEMBER 30, 2013

	TexPool	TexPool Prime
Current Invested Balance	\$14,176,472,731.61	\$1,089,207,674.47
Weighted Average Maturity (1)*	60 Days	38 Days
Weighted Average Maturity (2)*	78 Days	44 Days
Net Asset Value	1.00009	1.00002
Total Number of Participants	2,297	165
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$452,851.78	\$57,402.25
Management Fee Collected	\$544,756.46	\$55,546.83
Standard & Poor's Current Rating	AAA	AAA

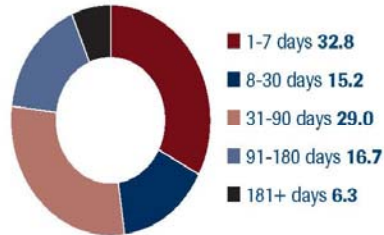
Month Averages

Average Invested Balance	\$13,995,406,614.51	\$1,062,336,272.21
Average Monthly Yield, on a simple basis (3)*	0.04%	0.07%
Average Weighted Average Maturity (1)*	55 Days	42 Days
Average Weighted Average Maturity (2)*	74 Days	49 Days

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

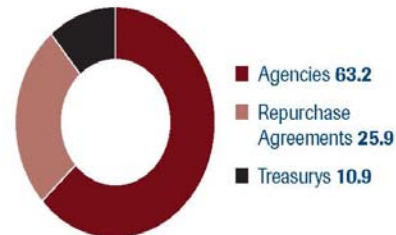
Portfolio by Maturity (%)

As of September 30, 2013



Portfolio by Type of Investment (%)

As of September 30, 2013



PORTFOLIO ASSET SUMMARY AS OF SEPTEMBER 30, 2013

	Book Value	Market Value
Uninvested Balance	-56,832,807.00	-56,832,807.00
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	7,530,425.12	7,530,425.12
Interest and Management Fees Payable	-452,935.00	-452,935.00
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	3,663,535,000.00	3,663,503,290.00
Mutual Fund Investments	0.00	0.00
Government Securities	8,961,628,651.74	8,962,950,793.28
US Treasury Bills	1,249,973,749.95	1,249,973,250.00
US Treasury Notes	301,090,646.80	301,136,700.00
Total	\$14,176,472,731.61	\$14,177,708,706.40

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	\$4,356,269,833.94
Higher Education	56	\$1,243,641,824.20
Healthcare	80	\$456,718,913.55
Utility District	704	\$1,390,734,747.07
City	448	\$3,948,881,814.28
County	174	\$1,154,706,631.98
Other	263	\$1,610,559,168.72

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)
09/01	0.0455%	0.00001247	\$14,285,334,275.18	1.00008	56	77
09/02	0.0455%	0.00001247	\$14,285,334,275.18	1.00008	56	77
09/03	0.0450%	0.00001234	\$14,044,748,768.24	1.00009	54	75
09/04	0.0453%	0.00001240	\$14,025,425,603.96	1.00008	54	73
09/05	0.0418%	0.00001146	\$13,985,923,770.26	1.00008	54	72
09/06	0.0400%	0.00001095	\$13,955,106,056.16	1.00008	54	73
09/07	0.0400%	0.00001095	\$13,955,106,056.16	1.00008	54	73
09/08	0.0400%	0.00001095	\$13,955,106,056.16	1.00008	54	73
09/09	0.0485%	0.00001330	\$13,890,399,868.45	1.00010	52	72
09/10	0.0374%	0.00001026	\$13,867,666,473.01	1.00010	52	71
09/11	0.0383%	0.00001048	\$13,772,855,763.40	1.00009	53	72
09/12	0.0399%	0.00001093	\$13,753,224,715.07	1.00010	53	72
09/13	0.0402%	0.00001100	\$13,760,674,224.52	1.00009	54	74
09/14	0.0402%	0.00001100	\$13,760,674,224.52	1.00009	54	74
09/15	0.0402%	0.00001100	\$13,760,674,224.52	1.00009	54	74
09/16	0.0483%	0.00001352	\$13,835,714,485.12	1.00010	56	76
09/17	0.0387%	0.00001060	\$13,935,845,412.02	1.00009	57	77
09/18	0.0373%	0.00001021	\$13,859,905,039.85	1.00009	56	77
09/19	0.0368%	0.00001008	\$13,859,963,563.13	1.00010	56	76
09/20	0.0381%	0.00001044	\$13,791,806,827.20	1.00009	56	76
09/21	0.0381%	0.00001044	\$13,791,806,827.20	1.00009	56	76
09/22	0.0381%	0.00001044	\$13,791,806,827.20	1.00009	56	76
09/23	0.0373%	0.00001023	\$13,809,338,550.48	1.00009	53	73
09/24	0.0362%	0.00000993	\$13,832,054,249.61	1.00009	54	73
09/25	0.0333%	0.00000911	\$14,855,160,855.09	1.00009	51	69
09/26	0.0357%	0.00000979	\$14,447,853,600.67	1.00010	54	72
09/27	0.0335%	0.00000919	\$14,338,738,367.10	1.00009	54	72
09/28	0.0335%	0.00000919	\$14,338,738,367.10	1.00009	54	72
09/29	0.0335%	0.00000919	\$14,338,738,367.10	1.00009	54	72
09/30	0.0362%	0.00000992	\$14,176,472,731.61	1.00009	60	78
Average	0.0394%	0.00001081	\$13,995,406,614.51	1.00009	55	74

TEXPOOL PRIME

October 2013

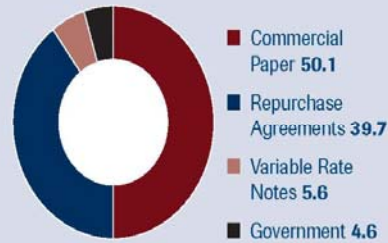
Portfolio by Maturity (%)

As of September 30, 2013



Portfolio by Type of Investment (%)

As of September 30, 2013



PORTFOLIO ASSET SUMMARY AS OF SEPTEMBER 30, 2013

	Book Value	Market Value
Uninvested Balance	-556,486.38	-556,486.38
Accrual of Interest Income	180,646.81	180,646.81
Interest and Management Fees Payable	-57,402.94	-57,402.94
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	432,535,000.00	432,535,000.00
Commercial Paper	545,344,027.63	545,335,187.28
Bank Instruments	0.00	0.00
Mutual Fund Investments	0.00	0.00
Government Securities	70,261,889.35	70,291,125.00
Variable Rate Notes	41,000,000.00	41,000,110.00
Total	\$1,089,207,674.47	\$1,089,228,179.77

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 sources 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	73	\$482,408,615.48
Higher Education	8	\$45,752,698.60
Healthcare	8	\$35,260,078.65
Utility District	5	\$47,607,188.61
City	33	\$237,624,879.32
County	19	\$118,917,014.24
Other	19	\$121,628,278.26

TEXPOOL PRIME

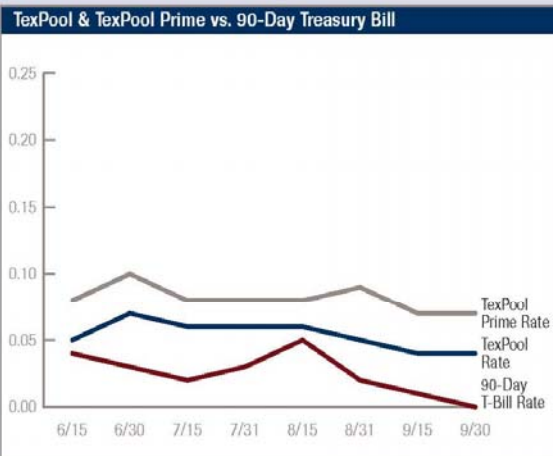
DAILY SUMMARY						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Daily Allocation Factor	TexPool Prime Invested Balance	Market Value Per Share	WAM Days (1)	WAM Days (2)
09/01	0.0850%	0.000002330	\$1,056,949,270.36	1.00001	49	57
09/02	0.0850%	0.000002330	\$1,056,949,270.36	1.00001	49	57
09/03	0.0822%	0.000002253	\$1,065,374,485.83	1.00002	45	53
09/04	0.0737%	0.000002019	\$1,062,451,698.14	1.00002	45	53
09/05	0.0697%	0.000001909	\$1,061,692,033.52	1.00002	44	52
09/06	0.0690%	0.000001891	\$1,054,617,613.33	1.00001	44	52
09/07	0.0690%	0.000001891	\$1,054,617,613.33	1.00001	44	52
09/08	0.0690%	0.000001891	\$1,054,617,613.33	1.00001	44	52
09/09	0.0651%	0.000001784	\$1,058,717,797.20	1.00002	42	49
09/10	0.0611%	0.000001673	\$1,053,119,006.68	1.00003	42	50
09/11	0.0627%	0.000001717	\$1,046,498,837.05	1.00003	42	49
09/12	0.0645%	0.000001766	\$1,046,233,149.44	1.00003	42	49
09/13	0.0661%	0.000001810	\$1,057,263,902.76	1.00001	43	50
09/14	0.0661%	0.000001810	\$1,057,263,902.76	1.00001	43	50
09/15	0.0661%	0.000001810	\$1,057,263,902.76	1.00001	43	50
09/16	0.0652%	0.000001785	\$1,065,676,428.83	1.00002	40	47
09/17	0.0590%	0.000001617	\$1,060,534,764.98	1.00002	39	47
09/18	0.0576%	0.000001577	\$1,060,288,328.00	1.00002	39	46
09/19	0.0560%	0.000001535	\$1,060,197,662.67	1.00002	38	45
09/20	0.0582%	0.000001595	\$1,056,061,758.88	1.00002	39	45
09/21	0.0582%	0.000001595	\$1,056,061,758.88	1.00002	39	45
09/22	0.0582%	0.000001595	\$1,056,061,758.88	1.00002	39	45
09/23	0.0615%	0.000001685	\$1,054,305,542.62	1.00002	37	44
09/24	0.0613%	0.000001680	\$1,052,283,351.19	1.00002	40	47
09/25	0.0677%	0.000001854	\$1,078,159,777.30	1.00003	40	46
09/26	0.0699%	0.000001915	\$1,061,966,756.25	1.00002	40	46
09/27	0.0573%	0.000001570	\$1,091,884,168.54	1.00001	41	47
09/28	0.0573%	0.000001570	\$1,091,884,168.54	1.00001	41	47
09/29	0.0573%	0.000001570	\$1,091,884,168.54	1.00001	41	47
09/30	0.0739%	0.000002024	\$1,089,207,674.47	1.00002	38	44
Average	0.0658%	0.000001802	\$1,062,336,272.21	1.00002	42	49

TEXPOOL

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rates currently are being Fed-driven, on economic fundamentals alone, the case of higher rates is building. Growth is moderate and appears to be accelerating, housing's recovery continues even though summer's spike in mortgage rates appears to have slowed the momentum somewhat, and job growth has been modest but is entering the period—fall and winter—when the biggest payroll gains have come the past three years. So we still see some light at the end of the tunnel—the bias is for short rates to begin to move up and for the cash curve to steepen. It's just that the moves won't come as early as we were thinking a month ago. It doesn't help that Washington's fiscal showdown over a continuing budget resolution and the debt ceiling will play out over the next few weeks. Because the Fed remains open during a government shutdown, we would expect the ongoing Washington drama to have no effect on the money markets beyond those created by media headlines. A potentially bigger looming issue is the October 17 debt-ceiling deadline; we'll keep you apprised as events unfold. Given this lower-for-a-little-longer environment, we are seeking to avoid very low-rate overnight repos in our TexPool and TexPool Prime portfolios and to add floaters on the longer end that can adjust as rates eventually rise.



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.