

# MONTHLY FINANCIAL REPORT

## PERFORMANCE SUMMARY

May 2018

	Current Month	Year to Date	Chart
<b>GENERAL FUND</b>			
Total Revenues as a % of Budget Compared to Prior Year	N/A	POSITIVE	A
Total Expenditures as a % Budget Compared to Prior Year	N/A	NEUTRAL	B
Property Tax Collection Analysis	NEGATIVE	NEGATIVE	C
Sales Tax Collection Analysis	NEUTRAL	POSITIVE	D
Expenditure Analysis	NEGATIVE	POSITIVE	E
<b>ENTERPRISE FUND</b>			
Water Billing Analysis	POSITIVE	POSITIVE	F
Sewer Billing Analysis	POSITIVE	POSITIVE	G
Expense Analysis	POSITIVE	POSITIVE	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	NEUTRAL	POSITIVE	J
Expenditure Analysis	POSITIVE	POSITIVE	K
<b>CRIME DISTRICT</b>			
Sales Tax Collection Analysis	NEUTRAL	POSITIVE	L
Expenditure Analysis	POSITIVE	POSITIVE	M
<b>INVESTMENTS</b>			
Investment Report	N/A	N/A	N

**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 MAY 2018

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	5,123,473	4,962,353	96.86%	97.83%
Penalties & Interest	39,000	29,731	76.23%	60.82%
Sales Tax	1,789,038	1,231,070	68.81%	65.24%
Franchise Tax	750,000	559,876	74.65%	70.35%
Other Tax	133,500	75,320	56.42%	41.82%
License & Permits	300,000	257,554	85.85%	55.27%
Charges for Services	65,500	3,182	4.86%	33.12%
DOT Fines	90,000	47,930	53.26%	56.72%
Other Municipal Court Fees	414,000	244,737	59.12%	63.68%
Interest Income	58,656	73,722	125.69%	57.39%
Intergovernmental	378,604	254,064	67.11%	61.13%
Other Revenue	619,173	1,062,905	171.67%	78.70%
Transfers from Enterprise Fund	1,822,415	1,214,943	66.67%	66.67%
Payment for Services-EDC	<u>227,542</u>	<u>151,695</u>	<u>66.67%</u>	<u>66.67%</u>
<b>Total Revenues</b>	<b>11,810,901</b>	<b>10,169,081</b>	<b>86.10%</b>	<b>78.58%</b>

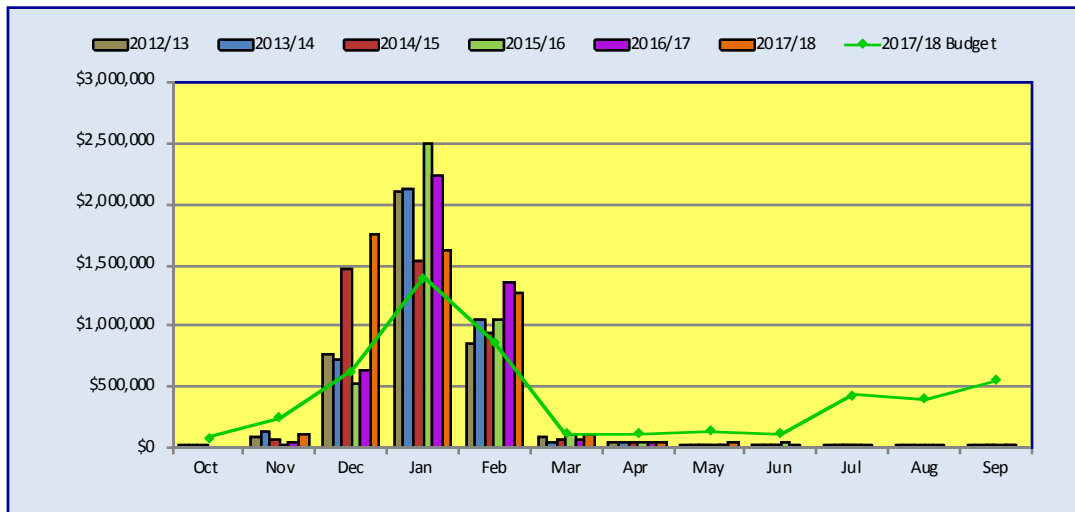
CHART B

## TOTAL EXPENDITURES THROUGH MAY 2018

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	7,565,275	4,750,827	62.80%	64.74%
Supplies	294,300	129,249	43.92%	53.62%
Services	2,774,207	1,840,498	66.34%	68.95%
Capital	<u>662,435</u>	<u>398,769</u>	<u>60.20%</u>	<u>24.85%</u>
<b>Total Expenditures</b>	<b>11,296,217</b>	<b>7,119,343</b>	<b>63.02%</b>	<b>64.00%</b>

CHART C

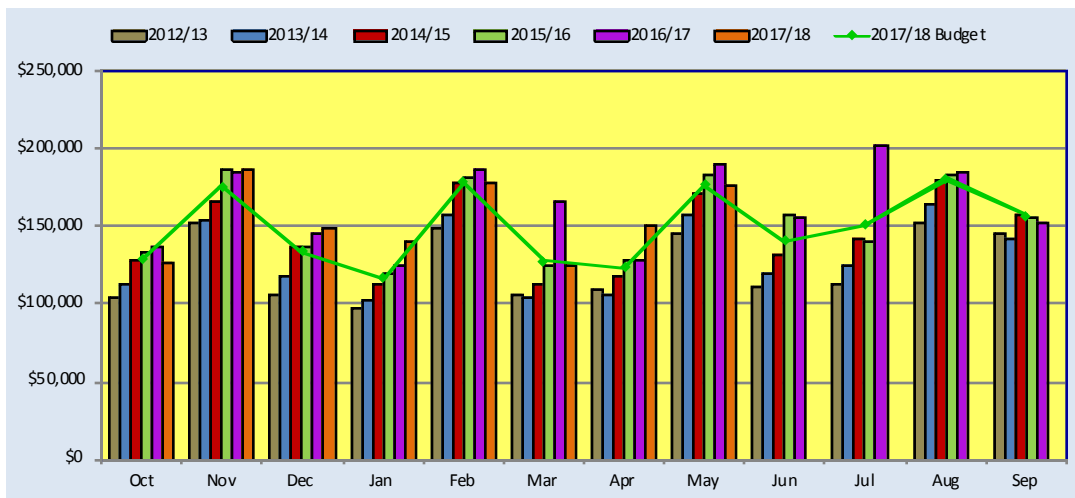
PROPERTY TAX ANALYSIS



Budget is divided into months based on the monthly percentages of the last 5 years' collections.  
 2014/15 December collections were higher than the trend but were offset by lower collections in January

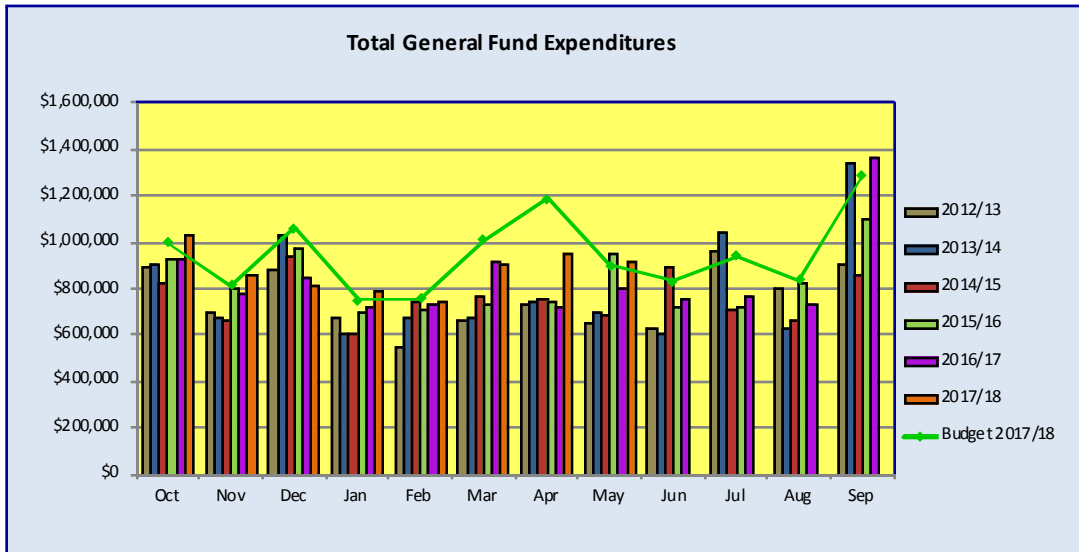
CHART D

SALES TAX ANALYSIS



2017/18 Budget is divided into months based on the monthly percentages of the last 5 years' activity of sales tax revenue.

EXPENDITURE ANALYSIS



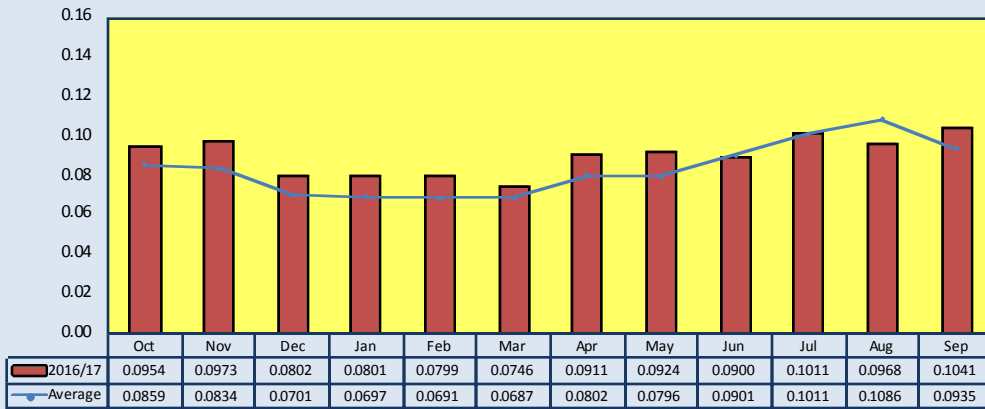
High expenditures in September 2010 are due to city hall A/C replacement.  
 High expenditures in September 2014 are due to Seascape road construction



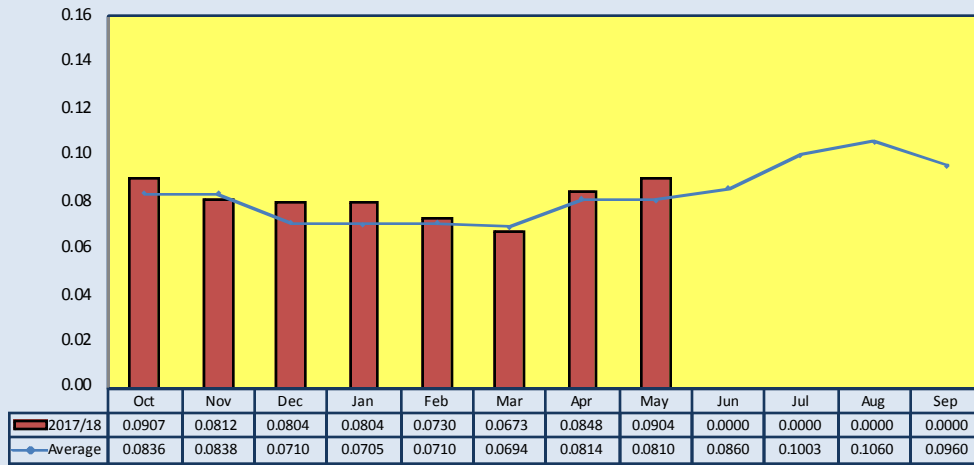
CHART F

WATER BILLING ANALYSIS

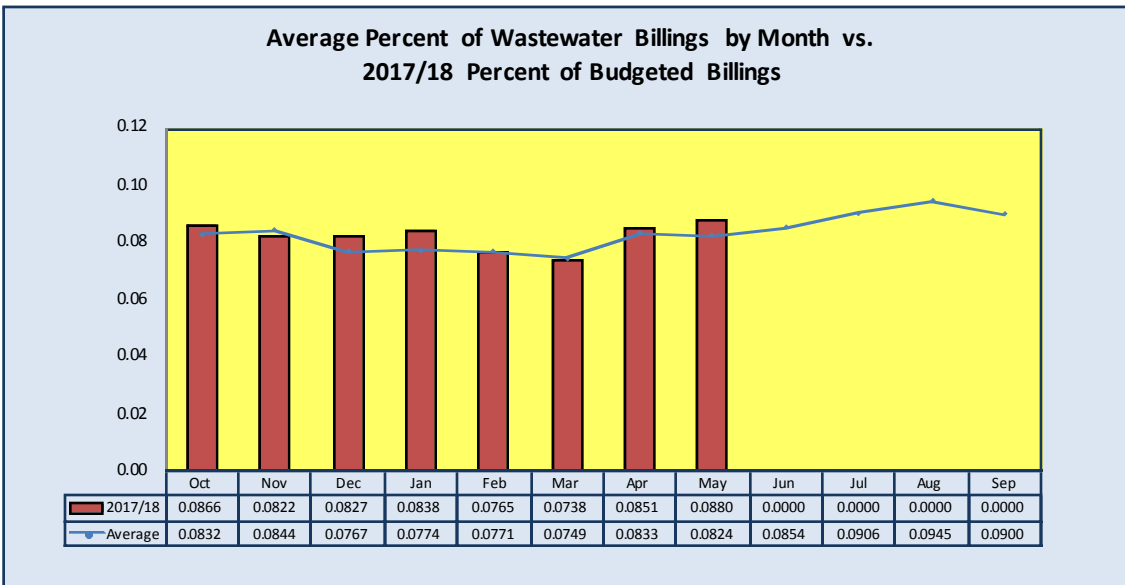
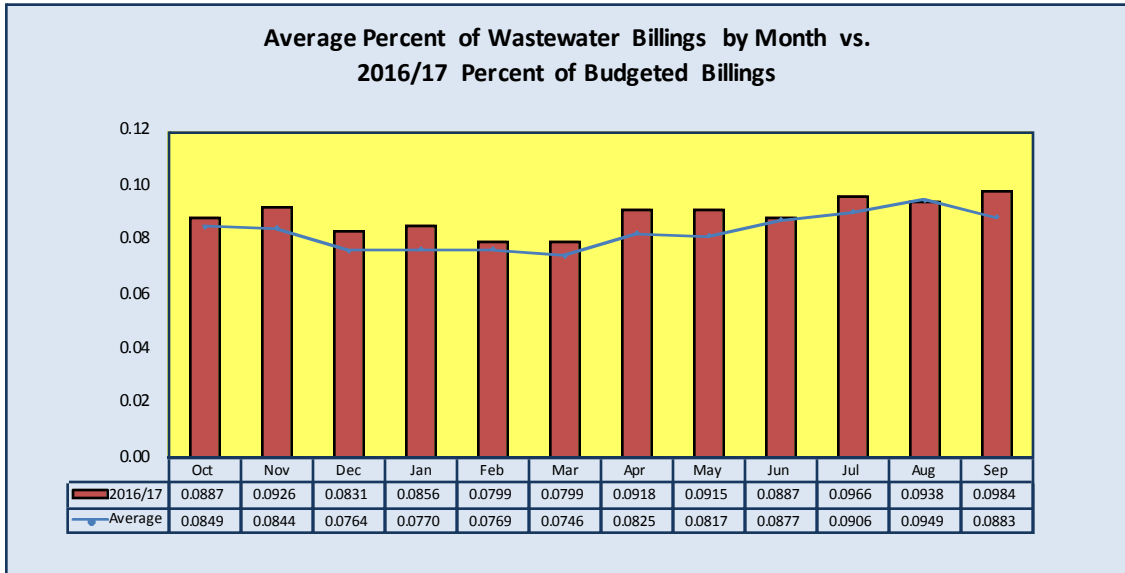
Average Percent of Water Billings by Month vs.  
2016/17 Percent of Budgeted Billings



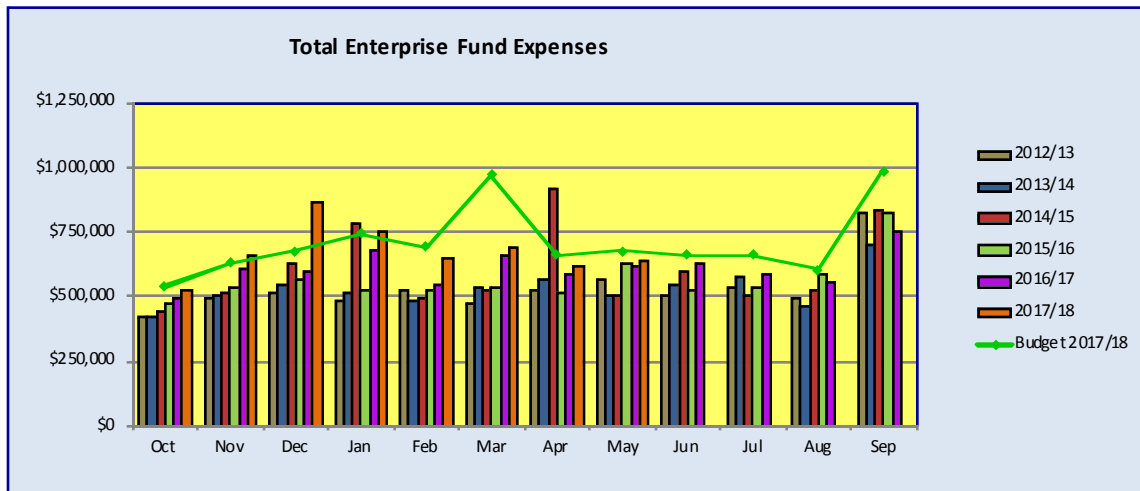
Average Percent of Water Billings by Month vs.  
2017/18 Percent of Budgeted Billings



WASTEWATER BILLING ANALYSIS



EXPENDITURE ANALYSIS

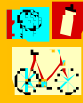


Sept 2013 and Nov 2013 EXCLUDE property acquisition

December 2014 & January 2015 expenses much higher than budgeted due to Lakeside lift station repairs

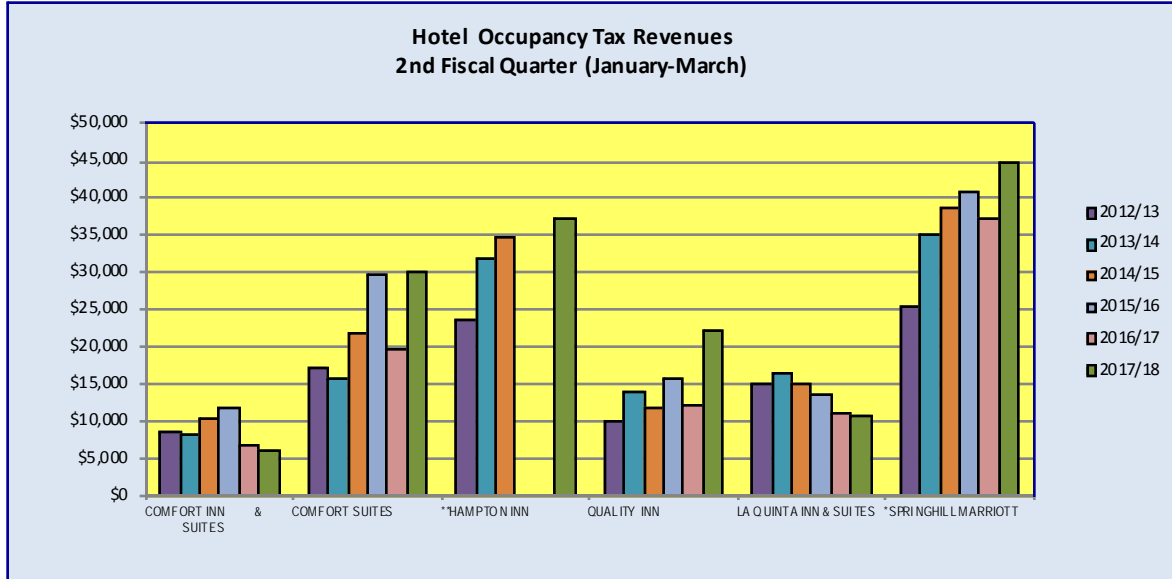
April 2015 expenses due to wastewater treatment plant upgrades

# HOTEL TAX FUND



## HOTEL TAX REVENUE ANALYSIS

CHART I

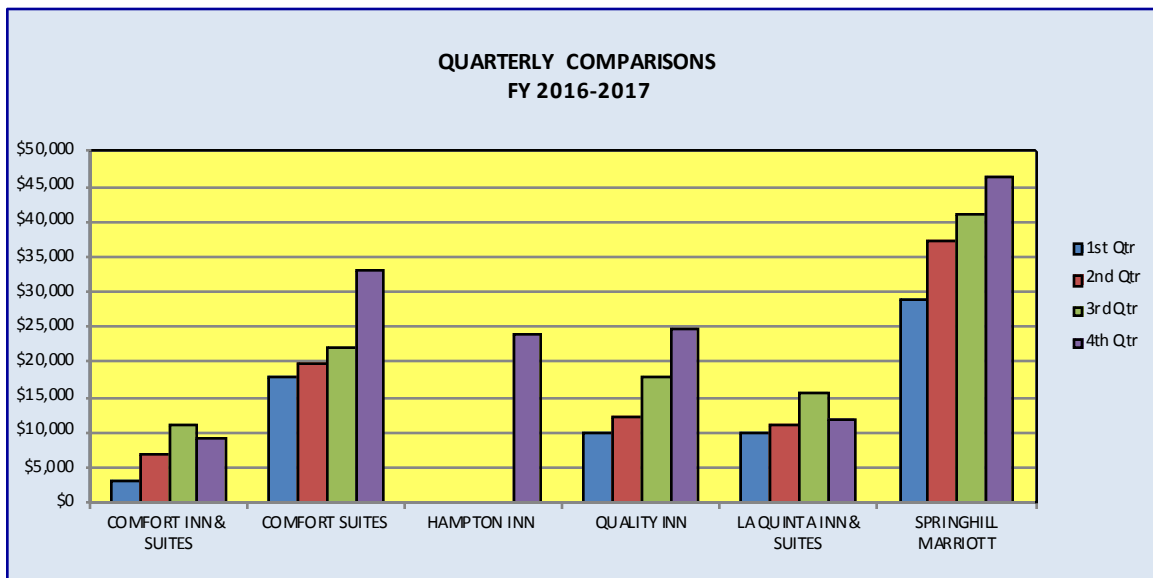


\*Springhill Marriott opened last quarter 2010

\*\* Hampton Inn closed 3rd quarter 2015 due to fire

## HOTEL TAX REVENUE

CHART J



\*\* Hampton Inn closed 3rd quarter 2015 due to fire reopened in 4th quarter 2017



# SEABROOK EDC



CHART K

## SALES TAX REVENUE ANALYSIS

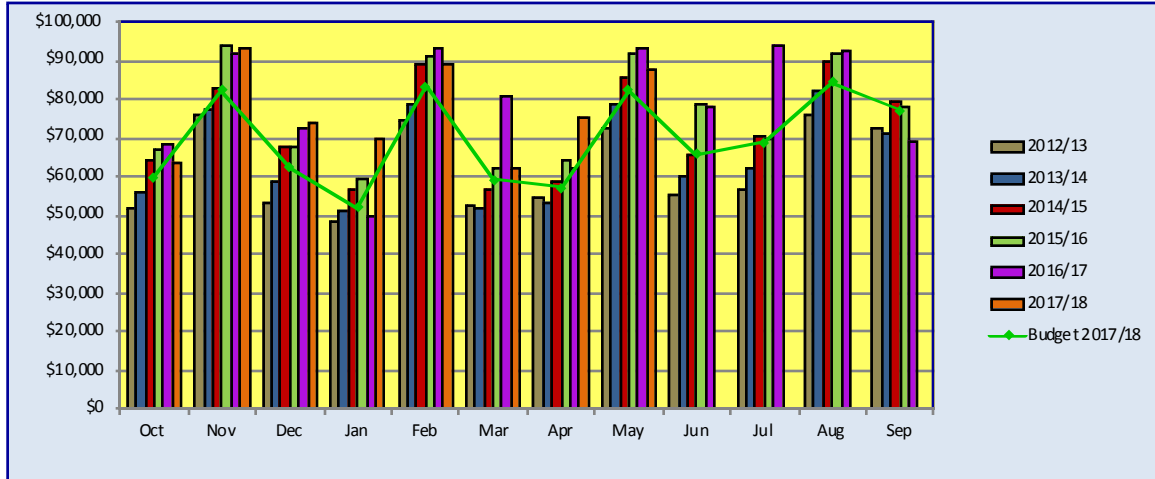
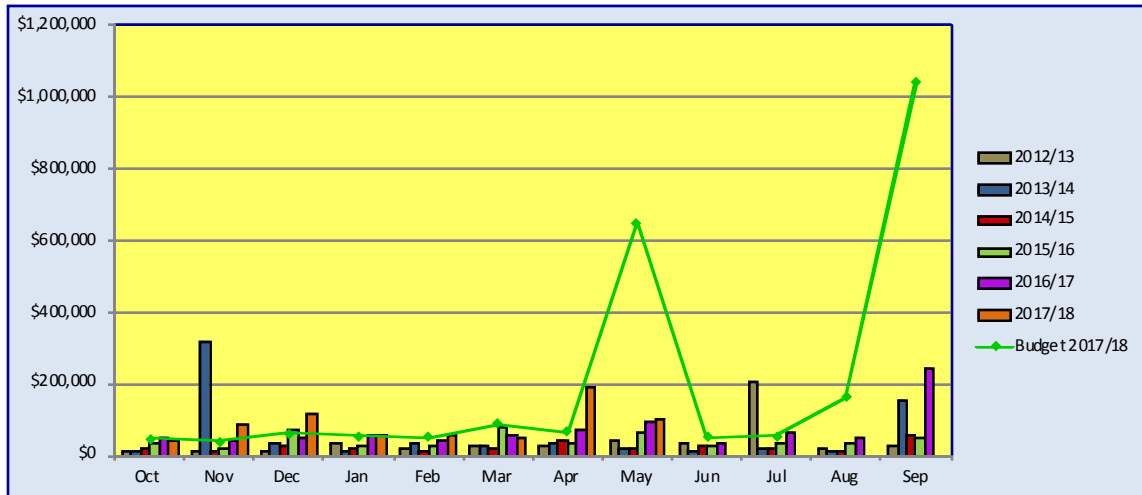


CHART L

## EXPENDITURE ANALYSIS



2015/16 September budget reflects appropriations for incentives and Business relocation off HWY 146  
 High exp in Nov 2011 was due to Gateway sign. High exp Nov 2014 was for the waterfront project July expenditures prior to 2013/14 included debt service payments.

# CRIME DISTRICT



CHART M

## SALES TAX REVENUE ANALYSIS

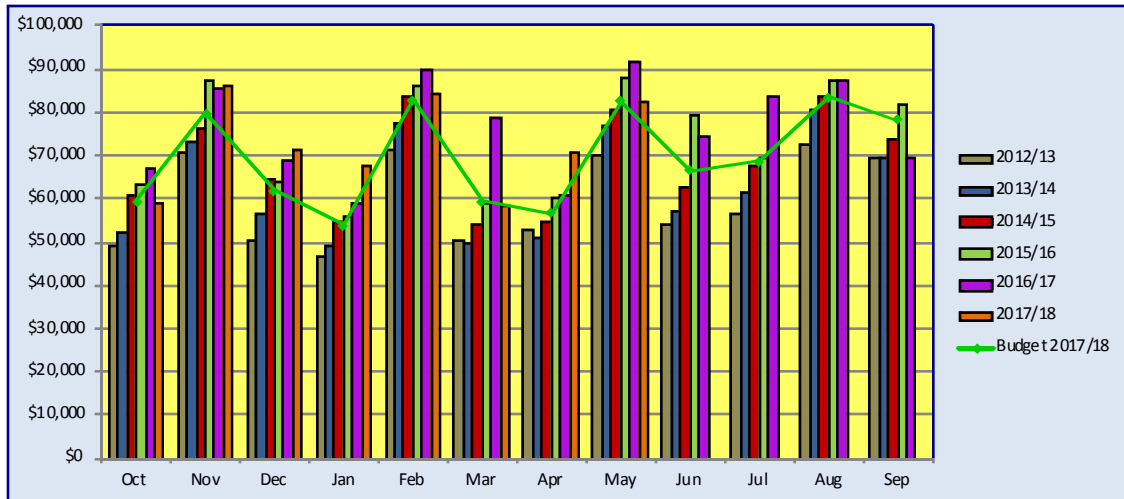
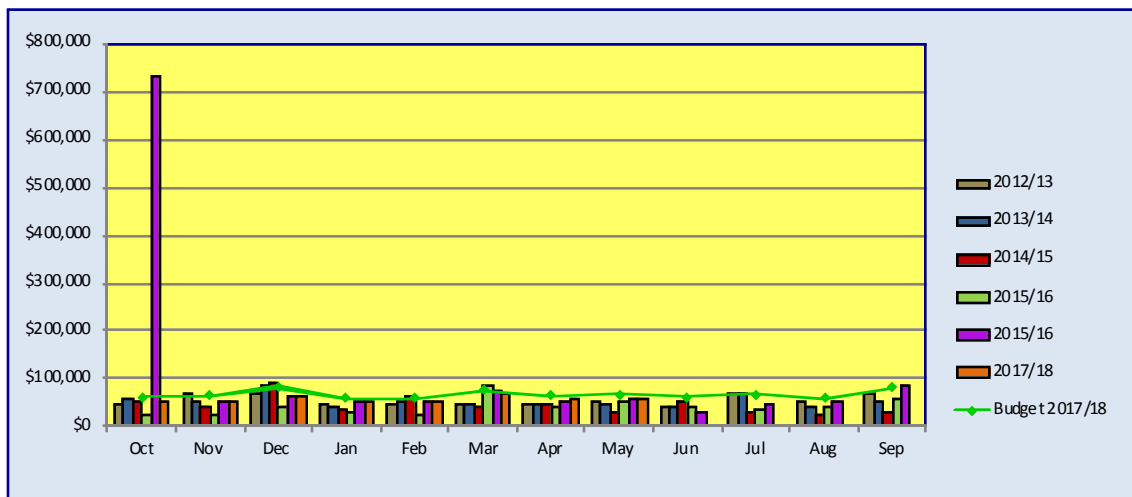


CHART N

## EXPENDITURE ANALYSIS



Large December expenditures included vehicles. March 2016 includes reallocation of personnel expense.  
 Large October expenditure includes initial payment to PSVERF.

# INVESTMENTS



CHART O

## MONTHLY INVESTMENT REPORT

### TEXPOOL REPORT

MONTH OF MAY 2018  
1.7159%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Dec)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	7,878,964.88	136,427.27	14,029.23	8,029,421.38	Working capital
GENERAL FUND - RESTRICTED	1,600,000.00	0.00	incl in above	1,600,000.00	
ENTERPRISE FUND - UNRESTRIC	2,764,769.05	(87,604.41)	4,271.00	2,681,435.64	Working capital
ENTERPRISE FUND - RESTRICTE	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,891,706.95	0.00	4,214.08	2,895,921.03	Water & sewer lines extensions & expansions
PARK FEES	79,745.31	0.00	116.21	79,861.52	Reserved for acquisition & development of park land
SEIZURE	34,053.12	0.00	49.63	34,102.75	Solely to purchase equipment for Law Enforcement
CHILD SAFETY PROGRAMS	31,700.73	0.00	46.20	31,746.93	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	15,277.10	0.00	22.26	15,299.36	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	1,097,089.05	0.00	1,598.79	1,098,687.84	Restricted for promotion of tourism
DEBT SERVICE FUND	3,327,569.76	19,316.50	4,851.12	3,351,737.38	Restricted for General fund reserves & yearly debt service
CAPITAL PROJECT BONDS	6,240,568.38	(17,000.00)	9,093.54	6,232,661.92	2016A CO WW Plant, Clarifier & Todville 2016 Sewer
WTR/SWR BONDS	1,030,562.30	0.00	1,501.84	1,032,064.14	Funds transferred from Bond Mkt Acct to allow liquidity
IT BONDS	48,487.33	0.00	70.66	48,557.99	Fiber Optics
PD & GF BONDS	0.00	0.00	0.00	0.00	Public Wokrks Facility
PD & GF BONDS (GEN FUND Reser	82,926.91	(31,000.00)	119.35	52,046.26	Public Wokrks Facility funds provided by GF Reserve
FIRE BONDS	25,601.35	0.00	37.31	25,638.66	Fire Engine
LAKESIDE DRIVE CERT DEP	(0.00)	0.00	0.00	(0.00)	
CAROTHERS	77,753.56	0.00	113.31	77,866.87	Carother Facility & Park
ANIMAL	760.68	0.00	1.11	761.79	Animal Shelter Needs - Donation
CRIME DISTRICT	668,095.17	(13,406.58)	954.08	655,642.67	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - UNRESTRICTED	3,211,081.97	(12,639.36)	4,922.38	3,203,364.99	Seabrook Economic Development Corporation II
SEDC II - RESTRICT FOR EMERG	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	13,550.47	0.00	19.75	13,570.22	
PUBLIC SAFETY	229,085.21	0.00	333.85	229,419.06	Public Safety Needs
MUNI COURT - SECURITY FUND	27,311.83	(7,500.00)	39.44	19,851.27	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	15,207.81	0.00	22.16	15,229.97	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	6,796.38	0.00	9.90	6,806.28	Fund court on technology
PUBLIC SAFETY VERF	520,842.59	13,406.58	778.56	535,027.73	Public Safety Vehicle Equipment Replacement
PEG Fund	114,509.10	0.00	166.87	114,675.97	Public Education and Government Access
STABILIZATION FUND	815,999.63	0.00	1,189.15	817,188.78	Highway 146 Project
WATER RATE STABILIZATION	176,449.47	0.00	257.14	176,706.61	
<b>TOTAL TEXPOOL FUND</b>	<b>33,506,466.09</b>	<b>(0.00)</b>	<b>48,828.92</b>	<b>\$33,555,295.01</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.

*Michael Gibbys*

Finance Director



# Monthly Newsletter: June 2018

## ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in May 2018:**

- TexPool**  
 Crystal Clear Special Utility District  
 Hiram Clarke/ Fort Bend Redevelopment Authority  
 City of Archer City  
 Harris County Improvement District 17  
 Fort Bend County MUD 161  
 Fort Bend County MUD 199

- TexPool Prime**  
 City of Archer City  
 City of Arlington

### Upcoming Events

Jun 12, 2018 - Jun 15, 2018,  
 Woodlands Waterway Marriott and  
 Convention Center, The Woodlands  
 2018 TACCBO Annual Meeting  
 and Conference

Jun 18, 2018 - Jun 20, 2018,  
 American Bank Center, Corpus Christi  
 2018 TASBO Summer Conference

Jul 08, 2018 - Jul 10, 2018, Gaylord Texan  
 Resort & Convention Center, Grapevine  
 2018 TASSCUBO Summer Conference

### TexPool Advisory Board Members

- |                    |                 |
|--------------------|-----------------|
| Jose Elizondo, Jr. | Vivian Wood     |
| Belinda Weaver     | Jerry Dale      |
| Patrick Krishock   | Sharon Matthews |
| Michele Tuttle     | David Landeros  |

Overseen by the State of Texas Comptroller  
 of Public Accounts Glenn Hegar.

Operated under the supervision of the  
 Texas Treasury Safekeeping Trust Company

## Economic and Market Commentary: Same ol', same ol' and that's OK

June 1, 2018

New developments in the cash market were hard to come by in May. The month seemed a continuation of the main topics of April. That's not a bad thing; cash managers have had plenty to consider in recent quarters.

The Federal Reserve's policy meeting in early May, and the minutes released later in the month, showed a central bank bent on keeping monetary policy in low gear, grinding on regardless of geopolitical events, market movement, trade-war talk or elections. Personal consumption spending nearly hit the Fed's established goal of 2% inflation. But rather than be excited about this data, policymakers again suggested that they would permit it to overshoot that mark slightly. As much as the Fed likes to tout itself as being data dependent, gut feeling and subjectivity still factor into its decisions.

So, the Fed took no rate action in May, but the content of the meeting statement suggested the next 25-basis-point hike likely will happen at the June meeting. The markets think it is a done deal, but are split between expecting one or two additional hikes the remainder of the year. We still expect a total of three in 2018, but will re-evaluate after parsing the June Federal Open Market Committee statement.

*(continued page 6)*

### Performance as of May 31, 2018

	TexPool	TexPool Prime
Current Invested Balance	\$19,065,860,478.43	\$5,395,861,293.97
Weighted Average Maturity	28	28
Weighted Average Life	81	56
Net Asset Value	0.99994	1.00012
Total Number of Participants	2478	314
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$27,777,695.80	\$9,707,036.72
Management Fee Collected	\$729,235.05	\$284,366.86
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$19,076,658,025.88	\$5,660,875,355.71
Average Monthly Rate	1.7159%	2.0196%
Average Weighted Average Maturity	29	32
Average Weighted Average Life	80	61

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

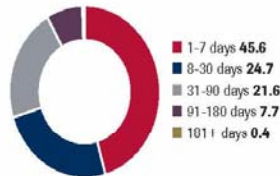
TexPool Participant Services  
 1001 Texas Avenue, Suite 1400 · Houston, TX 77002  
 Phone: 1-866-TEXPOOL (839-7665) · Fax: 1-866-839-3291 · TexPool.com

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 G35884-24 (6/18)



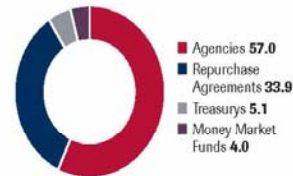
### Portfolio by Maturity (%)

As of May 31, 2018



### Portfolio by Type of Investment (%)

As of May 31, 2018



#### Portfolio Asset Summary as of May 31, 2018

	Book Value	Market Value
Uninvested Balance	-\$312,844.66	-\$312,844.66
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	8,331,711.88	8,331,711.88
Interest and Management Fees Payable	-27,779,178.60	-27,779,178.60
Payable for Investments Purchased	-100,000,000.00	-100,000,000.00
Accrued Expenses & Taxes	-23,326.83	-23,326.83
Repurchase Agreements	6,407,011,000.00	6,407,011,000.00
Mutual Fund Investments	776,022,103.88	776,022,103.88
Government Securities	10,936,890,820.07	10,935,963,146.58
U.S. Treasury Inflation Protected Securities	0.00	0.00
US Treasury Bills	725,927,688.84	725,965,553.00
US Treasury Notes	240,792,503.75	240,534,275.00
<b>Total</b>	<b>\$19,065,860,478.43</b>	<b>\$19,064,712,440.25</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	584	\$6,154,433,289.44
Higher Education	57	\$872,103,370.69
Healthcare	82	\$877,156,405.12
Utility District	788	\$2,776,377,512.06
City	458	\$4,285,778,738.74
County	185	\$2,105,769,562.28
Other	323	\$1,984,118,920.28

#### \*\*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 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.

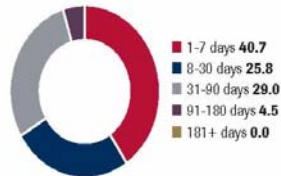


Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
5/1	1.7009%	0.000046600	\$19,557,210,532.04	0.99991	30	78
5/2	1.7002%	0.000046580	\$19,555,688,977.80	0.99991	29	78
5/3	1.7001%	0.000046579	\$19,496,337,045.38	0.99992	28	77
5/4	1.6951%	0.000046441	\$19,455,518,473.75	0.99992	29	78
5/5	1.6951%	0.000046441	\$19,455,518,473.75	0.99992	29	78
5/6	1.6951%	0.000046441	\$19,455,518,473.75	0.99992	29	78
5/7	1.6929%	0.000046381	\$19,425,729,315.03	0.99992	27	75
5/8	1.6961%	0.000046468	\$19,366,229,880.73	0.99992	26	75
5/9	1.6973%	0.000046501	\$19,312,988,919.39	0.99991	26	74
5/10	1.7012%	0.000046608	\$19,262,256,798.15	0.99992	27	75
5/11	1.7104%	0.000046861	\$19,444,296,681.53	0.99992	28	76
5/12	1.7104%	0.000046861	\$19,444,296,681.53	0.99992	28	76
5/13	1.7104%	0.000046861	\$19,444,296,681.53	0.99992	28	76
5/14	1.7150%	0.000046985	\$19,318,900,794.86	0.99993	27	77
5/15	1.7241%	0.000047236	\$19,011,935,992.36	0.99992	27	78
5/16	1.7145%	0.000046973	\$19,020,643,436.78	0.99992	27	77
5/17	1.7169%	0.000047035	\$18,827,196,764.84	0.99992	28	80
5/18	1.7181%	0.000047071	\$18,776,783,657.76	0.99992	29	82
5/19	1.7181%	0.000047071	\$18,776,783,657.76	0.99992	29	82
5/20	1.7181%	0.000047071	\$18,776,783,657.76	0.99992	29	82
5/21	1.7162%	0.000047018	\$18,749,115,415.93	0.99991	30	81
5/22	1.7000%	0.000046576	\$18,670,407,598.87	0.99992	30	82
5/23	1.7056%	0.000046728	\$18,634,417,111.36	0.99992	30	83
5/24	1.7321%	0.000047454	\$18,520,776,550.11	0.99992	31	85
5/25	1.7371%	0.000047591	\$18,703,387,668.03	0.99993	32	85
5/26	1.7371%	0.000047591	\$18,703,387,668.03	0.99993	32	85
5/27	1.7371%	0.000047591	\$18,703,387,668.03	0.99993	32	85
5/28	1.7371%	0.000047591	\$18,703,387,668.03	0.99993	32	85
5/29	1.7490%	0.000047918	\$18,680,519,394.39	0.99994	29	82
5/30	1.7412%	0.000047705	\$19,056,836,684.69	0.99994	29	82
5/31	1.7682%	0.000048470	\$19,065,880,478.43	0.99994	28	81
<b>Average</b>	<b>1.7159%</b>	<b>0.000047010</b>	<b>\$19,076,658,025.88</b>	<b>0.99992</b>	<b>29</b>	<b>80</b>

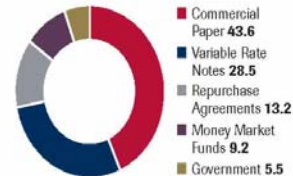


## TEXPOOL PRIME

### Portfolio by Maturity (%) As of May 31, 2018



### Portfolio by Type of Investment (%) As of May 31, 2018



#### Portfolio Asset Summary as of May 31, 2018

	Book Value	Market Value
Uninvested Balance	\$2,152.81	\$2,152.81
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	3,367,275.83	3,367,275.83
Interest and Management Fees Payable	-9,707,034.89	-9,707,034.89
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-8,598.57	-8,598.57
Repurchase Agreements	711,149,000.00	711,149,000.00
Commercial Paper	2,355,521,230.11	2,355,720,406.40
Bank Instruments	0.00	0.00
Mutual Fund Investments	497,099,999.35	497,052,003.75
Government Securities	298,737,371.50	298,759,354.00
Variable Rate Notes	1,539,699,897.83	1,540,160,599.00
<b>Total</b>	<b>\$5,395,861,293.97</b>	<b>\$5,396,495,158.33</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	108	\$2,213,883,456.19
Higher Education	15	\$681,715,762.22
Healthcare	12	\$383,393,932.84
Utility District	26	\$348,024,516.06
City	64	\$556,501,596.45
County	34	\$560,737,809.73
Other	55	\$651,604,293.81



## TEXPOOL PRIME

### Daily Summary

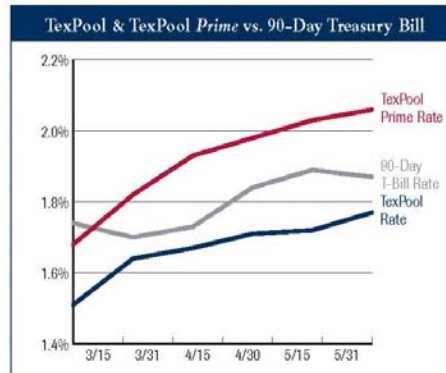
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
5/1	1.9842%	0.000054363	\$5,852,521,385.86	0.99996	32	61
5/2	1.9887%	0.000054484	\$5,836,555,768.56	0.99998	34	60
5/3	1.9906%	0.000054536	\$5,840,102,690.08	0.99998	35	65
5/4	2.0018%	0.000054843	\$5,833,288,874.41	0.99994	36	66
5/5	2.0018%	0.000054843	\$5,833,288,874.41	0.99994	36	66
5/6	2.0018%	0.000054843	\$5,833,288,874.41	0.99994	36	66
5/7	2.0138%	0.000055173	\$5,833,388,797.28	1.00001	34	63
5/8	1.9997%	0.000054787	\$5,846,054,425.91	1.00000	34	62
5/9	2.0050%	0.000054932	\$5,841,143,369.93	1.00001	33	62
5/10	2.0123%	0.000055131	\$5,782,088,729.16	1.00001	33	62
5/11	2.0196%	0.000055332	\$5,810,490,800.43	0.99996	34	63
5/12	2.0196%	0.000055332	\$5,810,490,800.43	0.99996	34	63
5/13	2.0196%	0.000055332	\$5,810,490,800.43	0.99996	34	63
5/14	2.0053%	0.000054941	\$5,840,884,777.71	1.00003	31	60
5/15	2.0327%	0.000055690	\$5,697,304,408.75	1.00005	32	61
5/16	2.0248%	0.000055474	\$5,661,090,928.09	1.00006	32	61
5/17	2.0280%	0.000055562	\$5,574,991,502.30	1.00007	31	61
5/18	2.0329%	0.000055696	\$5,525,841,797.10	1.00002	32	62
5/19	2.0329%	0.000055696	\$5,525,841,797.10	1.00002	32	62
5/20	2.0329%	0.000055696	\$5,525,841,797.10	1.00002	32	62
5/21	2.0306%	0.000055633	\$5,510,685,536.68	1.00009	29	59
5/22	2.0228%	0.000055415	\$5,473,885,029.45	1.00009	29	59
5/23	2.0266%	0.000055523	\$5,498,262,546.59	1.00008	30	59
5/24	2.0362%	0.000055785	\$5,508,404,409.83	1.00010	30	59
5/25	2.0282%	0.000055568	\$5,506,016,450.06	1.00003	30	59
5/26	2.0282%	0.000055568	\$5,506,016,450.06	1.00003	30	59
5/27	2.0282%	0.000055568	\$5,506,016,450.06	1.00003	30	59
5/28	2.0282%	0.000055568	\$5,506,016,450.06	1.00003	30	59
5/29	2.0376%	0.000055824	\$5,454,312,764.62	1.00011	28	56
5/30	2.0382%	0.000055841	\$5,506,667,446.04	1.00011	28	55
5/31	2.0555%	0.000056315	\$5,395,861,293.97	1.00012	28	56
<b>Average</b>	<b>2.0196%</b>	<b>0.000055332</b>	<b>\$5,660,875,355.71</b>	<b>1.00002</b>	<b>32</b>	<b>61</b>





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

While the spread between the 3-month London interbank offered rate (Libor) and the overnight index swap (OIS) slightly narrowed compared to April, it remained elevated in May relative to normal. The reason for the wide spread remains the same: it's not driven by poor bank credit, the economic and political predicament transpiring in Italy or the potential summit with North Korea. Rather, it is again due to the atypical large quantity of Treasuries the U.S. has had to issue to fund itself amid lower tax revenue and higher spending. We expect to see T-bill issuance ramp up to April levels early in the third quarter. Combined with even more securities rolling off the Fed balance sheet (\$40 billion monthly by then), the excess supply likely will push yields higher. Cash managers are certainly not complaining. We continued to purchase Treasuries because of the attractive yields. The 1-month Treasury yield rose from 1.65% to 1.75%, and the 3-month increased from 1.84% to 1.90%. The short end of the Libor curve ended May in a holding pattern ahead of the likely June hike: 1-month Libor increased from 1.91% to 1.98%; 3-month decreased from 2.36% to 2.31%; and 6-month slipped from 2.52% to 2.47%.



*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.*