



# Canutillo Independent School District

7965 Arcraft Road El Paso, Texas 79932  
Mailing Address: P.O. Box 100 Canutillo, Texas 79835

**Kathy Ellis**  
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*Financial Services Division*

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Date: November 12, 2013  
To: Board of Trustees  
From: Kathy Ellis  
Subject: Quarterly Investment Report  
September 30, 2013

The attached report of investments for the Canutillo Independent School District for the quarter ending September 30, 2013 is in full compliance with the Investment Policy and strategy as established for the District and with the Public Funds Investment Act (Chapter 2256).

APPROVED BY: Martha Aguirre, CTSBO

Kathy Ellis, CTSBO

*The Canutillo Independent School District does not discriminate on the basis of race, color, national origin, gender, age or disability in its employment practices, or in providing education services, activities and programs, including technical education programs. For more information regarding the Canutillo Independent School District policy of non-discrimination contact: Executive Director for Human Resources, (915) 877-7423, 7965 Arcraft Rd., El Paso, TX 79932.*

*El Distrito Escolar Independiente de Canutillo no discrimina en cuanto a raza, color, origen, género, edad o discapacidad en lo que se refiere a sus prácticas de empleo, o al proveer servicios, actividades y programas educativos y vocacionales. Para mayor información respecto a la política de no discriminación del Distrito Escolar Independiente de Canutillo, favor de contactar a: Director Ejecutivo de Recursos Humanos, (915) 877-7423, 7965 Arcraft Rd., El Paso, TX 79932.*

**Canutillo Independent School District**  
**Quarterly Summary of Investments**  
**09/30/2013**

Description	Maturity Date	09/30/13 Interest Rate	9/30/2013 Book Value	9/30/2013 Market Value	6/30/2013 Book Value	6/30/2013 Market Value	% Change in Market Value	Accrued Interest
<b>Operating Fund</b>								
Logic	On Demand	0.1125%	2,364,454.26	2,364,643.42	544,852.35	544,863.79	0.01%	236.86
Lone Star Corporate	On Demand	0.1500%	4,942,295.12	4,942,295.12	10,066,153.34	10,066,153.34	0.00%	2,382.33
MBIA/Texas Class	On Demand	0.0900%	1,391,403.42	1,391,403.42	1,142,632.34	1,142,632.34	0.00%	354.22
TexPool	On Demand	0.0400%	109,749.37	109,759.25	109,736.80	109,740.09	0.01%	12.57
TexSTAR	On Demand	0.0390%	2,477,726.10	2,479,757.84	2,135,241.12	2,135,390.59	0.07%	252.92
Subtotal		0.1093%	\$ 11,285,628.27	\$ 11,287,859.04	\$ 13,998,615.95	\$ 13,998,780.15	0.02%	\$ 3,238.90
<b>Debt Service Fund</b>								
Lone Star Corporate	On Demand	0.1500%	90,274.91	90,274.91	1,179,294.05	1,179,294.05	0.00%	269.86
MBIA/Texas Class	On Demand	0.0900%	29,042.95	29,042.95	2,208,140.44	2,208,140.44	0.00%	344.31
TexSTAR	On Demand	0.0390%	157.67	157.68	157.67	157.68	0.00%	-
Subtotal		0.1353%	\$ 119,475.53	\$ 119,475.54	\$ 3,387,592.16	\$ 3,387,592.17	0.00%	\$ 614.17
<b>Food Service Fund</b>								
Lone Star Corporate	On Demand	0.1500%	\$ 721,403.25	\$ 721,403.25	\$ 624,562.81	\$ 624,562.81	0.00%	\$ 293.13
<b>Worker's Compensation Fund</b>								
Lone Star Corporate	On Demand	0.1500%	\$ 801,410.63	\$ 801,410.63	\$ 801,071.98	\$ 801,071.98	0.00%	\$ 338.65
<b>Construction Fund</b>								
BBVA Compass Bank	On Demand		-	-	10,026,701.74	10,026,701.74		4,990.91
Logic 2011	On Demand	0.1125%	315,234.04	315,259.26	1,993,508.56	1,993,550.42	0.01%	468.53
Lone Star 2011	On Demand	0.1500%	6,488,328.54	6,488,328.54	2,596,895.88	2,596,895.88	0.00%	1,966.22
MBIA/Texas Class	On Demand	0.0900%	59,637.46	59,637.46	59,620.78	59,620.78	0.00%	16.68
Logic 2013	On Demand	0.1125%	8,377,050.31	8,377,720.47	-	-		2,672.31
Lonestar 2013	On Demand	0.1500%	12,004,153.26	12,004,153.26				4,153.26
Texas Daily	On Demand	0.0500%	244,444.04	244,444.04	244,414.01	244,414.01	0.00%	30.03
Texas Term	11/1/2013	0.1700%	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00		856.98
Texas Term	11/27/2013	0.2000%	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00		1,008.21
Texas Term	12/6/2013	0.2000%	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00		1,008.22
TexSTAR - Bond 2006	On Demand	0.0390%	1,291,390.63	1,292,449.57	1,633,447.32	1,633,561.66	0.08%	175.37
Subtotal		0.1426%	\$ 34,780,238.28	\$ 34,781,992.60	\$ 22,554,588.29	\$ 22,554,744.49	0.00%	\$ 17,346.72
<b>Total Investments</b>		<b>0.1349%</b>	<b>\$ 47,708,155.96</b>	<b>\$ 47,712,141.07</b>	<b>\$ 41,366,431.19</b>	<b>\$ 41,366,751.60</b>		<b>\$ 21,831.57</b>

Canutillo Independent School District  
Quarterly Summary of Investments  
03/31/2013

Bond Project 2011 Fund 692

Securities Portfolio

Description	Purchase Date	Maturity Date	Bonds		Current Par	Purchase Price	Amortized Price	Market Value	Accrued Interest
			Coupon	Yield					
Lubbock GO Refunding	08/13/12	2/15/14	2.00%	0.32%	1,445,000	1,481,428	1,454,124	1,454,089	7,285
Tulsa County OK ISD	08/17/12	6/1/14	4.00%	0.30%	1,000,000	1,065,950	1,034,390	1,010,280	10,082
Clark County Washington ISD	08/24/12	6/1/14	2.00%	0.32%	1,000,000	1,029,610	1,014,020	1,025,160	5,041
<b>Total Securities</b>					3,445,000.00	3,576,988.45	3,502,533.64	3,489,529	22,407.50



# LOGIC Newsletter

## September 2013

### Performance

#### As of September 30, 2013

Current Invested Balance	\$2,315,505,671.90
Weighted Average Maturity (1)*	55 Days
Weighted Average Maturity (2)*	63 Days
Net Asset Value	1.000080
Total Number of Participants	459
Management Fee on Invested Balance	0.0875%
Interest Distributed	\$373,577.58
Management Fee Collected	\$163,495.63
% of Portfolio Invested Beyond 1 Year	0.39%
Standard & Poor's Current Rating	AAAm

#### September Averages:

Average Invested Balance	\$2,273,329,867.34
Average Monthly Yield, on a simple basis	0.1125%
Average Weighted Average Maturity (1)*	57 Days
Average Weighted Average Maturity (2)*	62 Days

\* Definition of Weighted Average Maturity (1) & (2)

- (1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
- (2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

Rates reflect historical information and are not an indication of future performance.

#### Holiday Reminder

Please note that in observance of the Columbus Day holiday, LOGIC will be closed Monday, October 14, 2013. All ACH transactions initiated on Friday, October 11th will settle on Tuesday, October 15th.

This is an unusual holiday where the investment markets are open but the banks are closed. Please plan accordingly for your liquidity needs.

#### Upcoming Conferences

LOGIC representatives will be attending the following conferences in October. We look forward to seeing those of you attending these events.

- ★ Texas Municipal League Annual Conference, October 8-11, Austin
- ★ Texas Association of County Auditors Fall Conference, Oct 15-18, Abilene
- ★ Government Finance Officers Association of Texas Fall Conference, Oct 23-25, Richardson

### Economic Commentary

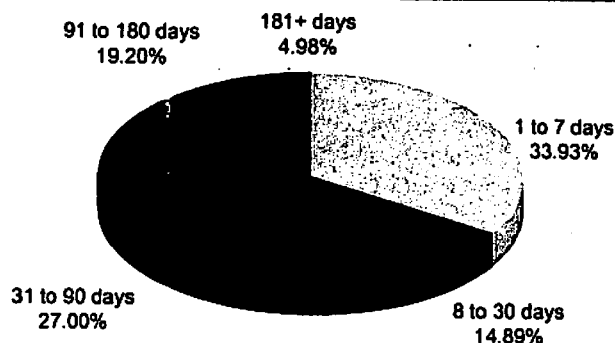
Equity and bond markets were volatile in the third quarter as investors focused on the Federal Reserve meeting in mid-September and the risks associated with the fiscal-policy negotiations in Washington. The Federal Reserve's decision to delay tapering was a notable surprise to the markets. The majority of market participants had predicted that the Fed would announce a reduction in its monthly asset purchase program at its September meeting. Instead, the Fed shocked markets with its dovish comments, maintaining its current monetary policy and leaving monthly asset purchases of Treasuries and mortgage-backed securities at \$85 billion per month. The Fed showed concern over tightening financial conditions and pending fiscal drama, while downplaying the importance of the unemployment rate on a standalone basis, deciding to wait for more evidence that economic progress will be self-sustained before pulling back. On October 1st, Congress was unable to agree on a bill to fund the government at the outset of FY2014 and the government partially shut down for the first time in almost two decades. It is still very unclear how things will develop, but Democrats and Republicans currently remain far from an agreement. The duration of the shutdown will be key in determining the ultimate impact on the economy. The bigger concern is whether Congress will raise the debt ceiling before the October 17th deadline, when extraordinary measures will be exhausted. If they cannot agree on a resolution, the government risks a "technical default" on its debt, which is believed to be unlikely.

Data released in the third quarter continued to paint a mixed picture of U.S. economic growth. While initial jobless claims have declined, the economy continues to add fewer jobs. Consumer confidence and personal income continue to strengthen, but retail sales growth remains anemic. Manufacturing surveys suggest strong capital expenditures spending, yet capital goods orders have been unchanged. While the base case outlook for global growth continues to be sub-trend, stable and improving global economic conditions have moderately increased the upside potential for growth. Optimism is moderated by the impact of materially higher interest rates since May on the global economy, lower labor participation rates in the U.S. and a slack in global manufacturing. Should the Fed begin tapering its asset purchases before year-end, it would likely be very gradual and accompanied by accommodative forward rate guidance.

This information is an excerpt from an economic report dated September 2013 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

### News

*Portfolio by  
Type of Investment  
As of September 30, 2013*

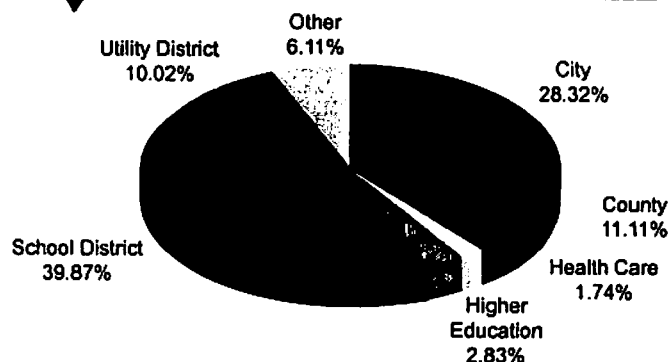


Commercial Paper  
70.56%

Repurchase  
Agreements  
24.67%

Treasuries  
3.74%  
Agencies  
1.03%

*Portfolio by  
Maturity  
As of September 30, 2013*



*Distribution of  
Participants by Type  
As of September 30, 2013*

**Historical Program Information**

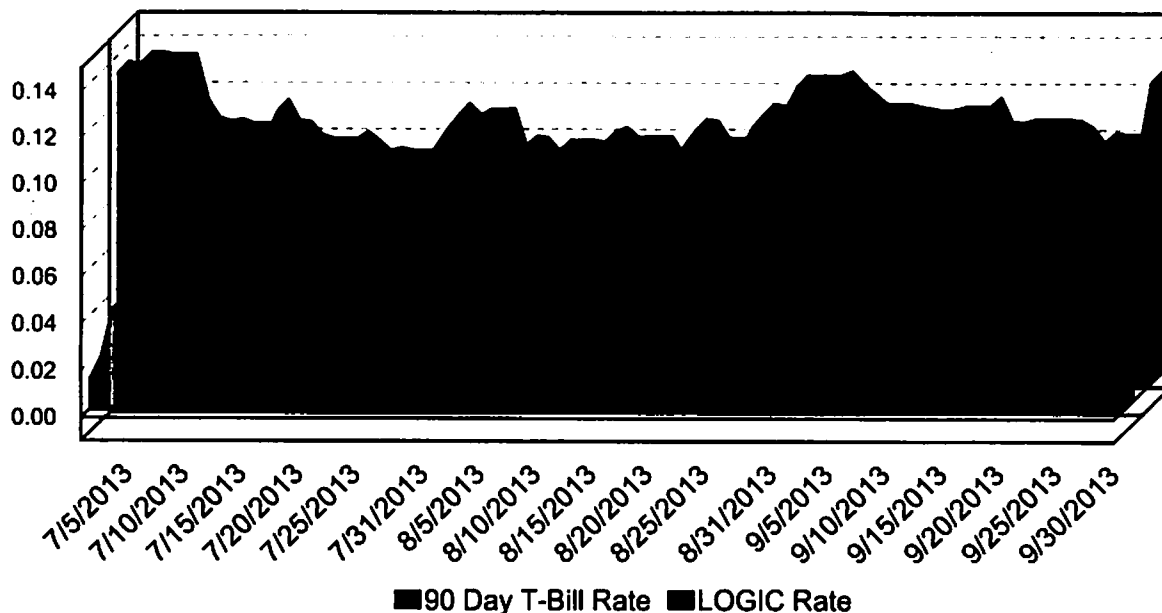
Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Sep 13	0.1125%	\$2,315,505,671.90	\$2,315,692,920.50	1.000080	57	62	459
Aug 13	0.1053%	2,241,818,554.65	2,241,919,096.89	1.000037	57	61	459
Jul 13	0.1107%	2,475,457,138.23	2,475,581,364.17	1.000050	53	57	458
Jun 13	0.1264%	2,478,319,009.61	2,478,371,853.17	1.000021	56	59	456
May 13	0.1320%	2,713,076,330.17	2,713,270,235.28	1.000071	53	54	454
Apr 13	0.1457%	3,092,146,941.09	3,092,356,673.37	1.000067	56	58	453
Mar 13	0.1540%	3,225,167,330.30	3,225,360,648.11	1.000059	55	58	452
Feb 13	0.1543%	3,374,642,633.05	3,374,901,165.62	1.000076	56	60	450
Jan 13	0.1553%	3,529,376,299.19	3,529,647,746.04	1.000076	53	59	448
Dec 12	0.1785%	2,901,152,418.66	2,901,360,833.82	1.000071	51	58	448
Nov 12	0.1804%	2,488,323,083.01	2,488,496,976.98	1.000069	50	52	446
Oct 12	0.1971%	2,387,683,334.65	2,387,863,589.71	1.000075	53	55	442

**Portfolio Asset Summary as of September 30, 2013**

	Book Value	Market Value
Uninvested Balance	\$ 610.52	\$ 610.52
Accrual of Interest Income	273,401.88	273,401.88
Interest and Management Fees Payable	(456,158.00)	(456,158.00)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	571,251,000.00	571,251,000.00
Commercial Paper	1,634,103,390.56	1,634,250,519.75
Government Securities	110,333,426.94	110,373,546.35
<b>Total</b>	<b>\$ 2,315,505,671.90</b>	<b>\$2,315,692,920.50</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of LOGIC. The only source of payment to the Participants are the assets of LOGIC. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact LOGIC Participant Services.

## LOGIC versus 90-Day Treasury Bill



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness September be subject to change. The LOGIC management fee may be waived in full or in part at the discretion of the LOGIC co-administrators and the LOGIC rate for the period shown reflects waiver of fees. This table represents investment performance return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the LOGIC pool to the T-Bill Yield, you should know that the LOGIC pool consist of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-day T-Bill.

## Daily Summary for September 2013

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
9/1/2013	0.1270%	0.000003479	\$2,241,818,554.65	1.000037	57	62
9/2/2013	0.1270%	0.000003479	\$2,241,818,554.65	1.000037	57	62
9/3/2013	0.1288%	0.000003529	\$2,240,666,239.73	1.000052	58	64
9/4/2013	0.1233%	0.000003377	\$2,257,186,959.56	1.000049	58	64
9/5/2013	0.1193%	0.000003269	\$2,249,486,244.17	1.000050	59	64
9/6/2013	0.1150%	0.000003151	\$2,257,472,678.65	1.000042	57	62
9/7/2013	0.1150%	0.000003151	\$2,257,472,678.65	1.000042	57	62
9/8/2013	0.1150%	0.000003151	\$2,257,472,678.65	1.000042	57	62
9/9/2013	0.1137%	0.000003115	\$2,265,103,337.74	1.000055	56	61
9/10/2013	0.1129%	0.000003094	\$2,260,215,793.50	1.000061	59	63
9/11/2013	0.1119%	0.000003065	\$2,268,496,491.45	1.000060	58	63
9/12/2013	0.1125%	0.000003081	\$2,258,619,718.00	1.000063	58	63
9/13/2013	0.1139%	0.000003120	\$2,231,100,685.76	1.000054	57	62
9/14/2013	0.1139%	0.000003120	\$2,231,100,685.76	1.000054	57	62
9/15/2013	0.1139%	0.000003120	\$2,231,100,685.76	1.000054	57	62
9/16/2013	0.1177%	0.000003224	\$2,227,518,814.22	1.000070	59	63
9/17/2013	0.1069%	0.000002928	\$2,219,559,368.12	1.000069	59	63
9/18/2013	0.1069%	0.000002930	\$2,223,342,331.65	1.000074	58	63
9/19/2013	0.1084%	0.000002969	\$2,222,718,558.30	1.000080	59	64
9/20/2013	0.1084%	0.000002969	\$2,235,303,101.40	1.000073	57	61
9/21/2013	0.1084%	0.000002969	\$2,235,303,101.40	1.000073	57	61
9/22/2013	0.1084%	0.000002969	\$2,235,303,101.40	1.000073	57	61
9/23/2013	0.1079%	0.000002957	\$2,242,234,580.52	1.000080	57	62
9/24/2013	0.1049%	0.000002873	\$2,271,336,378.05	1.000082	57	62
9/25/2013	0.0984%	0.000002697	\$2,445,333,253.17	1.000077	54	61
9/26/2013	0.1026%	0.000002812	\$2,426,001,186.90	1.000078	54	61
9/27/2013	0.1018%	0.000002790	\$2,383,768,195.50	1.000069	53	60
9/28/2013	0.1018%	0.000002790	\$2,383,768,195.50	1.000069	53	60
9/29/2013	0.1018%	0.000002790	\$2,383,768,195.50	1.000069	53	60
9/30/2013	0.1290%	0.000003535	\$2,315,505,671.90	1.000080	55	63
Average	0.1125%	0.000003083	\$2,273,329,867.34		57	62

LOGIC Participant Services  
c/o First Southwest Asset Management, Inc.  
325 North St. Paul Street, Suite 800  
Dallas, TX 75201



## LOGIC Board Members

Philip G. Roberson	Arlington ISD	Board President
Fred L. Werner	Municipal Finance Director	Board Vice President
Judd R. Sanderson	North Texas Municipal Water District	Board Treasurer / Investment Officer
Sandra Newby	Tarrant Regional Water District	Board Member
Wes Vela	City of Missouri City	Board Member

For more information contact LOGIC Participant Services ★ 1-800-895-6442 ★ [www.logic.org](http://www.logic.org)

**FirstSouthwest** 

**J.P.Morgan**  
Asset Management

## Government Overnight Fund

### Return Information

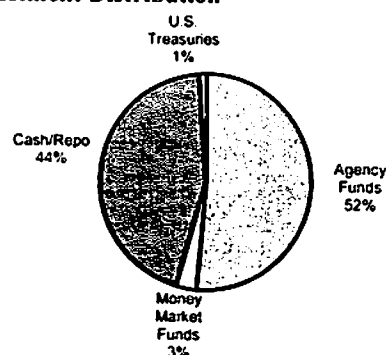
September 30, 2013

Average Monthly Return (a)	0.06%
SEC 7-Day Fund Yield (b)	0.04%
Weighted Average Maturity One (c)	56 Days
Weighted Average Maturity Two (c)	92 Days
Portfolio Maturing beyond One Year	4%
Net Asset Value	\$1.00
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAm

### Inventory Position

	Book Value	Market Value
Cash/Repo	969,910,423	969,910,423
US Treasuries	25,000,044	25,011,130
Agencies	1,125,598,915	1,126,099,987
FDIC Guaranteed	-	-
US Dept of Ed Guaranteed	-	-
Money Market Funds	65,982,011	65,982,011
<b>Total Assets</b>	<b>2,186,491,392</b>	<b>2,187,003,551</b>

### Investment Distribution



(a) The return information represents the average annualized rate of return on investments for the time period referenced. Return rates reflect a partial waiver of the Lone Star Investment Pool operating expense. Past performance is no guarantee of future results.

## Corporate Overnight Fund

### Return Information

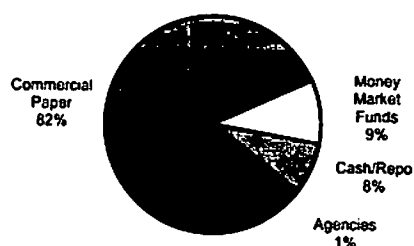
September 30, 2013

Average Monthly Return (a)	0.14%
SEC 7-Day Fund Yield (b)	0.13%
Weighted Average Maturity One (c)	53 Days
Weighted Average Maturity Two (c)	53 Days
Portfolio Maturing beyond One Year	0%
Net Asset Value	\$1.00
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAm

### Inventory Position

	Book Value	Market Value
Cash/Repo	89,418,897	89,418,897
US Treasuries	-	-
Agencies	8,199,245	8,203,416
Commercial Paper	949,168,687	949,239,227
FDIC Guaranteed	-	-
US Dept of Ed Guaranteed	-	-
Money Market Funds	109,513,056	109,513,056
<b>Total Assets</b>	<b>1,156,299,885</b>	<b>1,156,374,597</b>

### Investment Distribution



(b)

#### SEC 7-Day Yield Calculation

$$\text{Yield} = 2 \left[ \left( \frac{a-b}{cd} + 1 \right)^{\frac{360}{d}} - 1 \right]$$

- a - Dividend and interest income.
- b - Expenses accrued for the period.
- c - Average daily number of shares outstanding during the period that was entitled to dividends.
- d - Maximum offering price per share on the last day of the period.

## Corporate Overnight Plus Fund

### Return Information

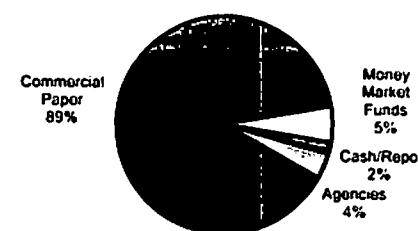
September 30, 2013

Average Monthly Return (a)	0.16%
SEC 7-Day Fund Yield (b)	0.15%
Weighted Average Maturity One (c)	67 Days
Weighted Average Maturity Two (c)	68 Days
Portfolio Maturing beyond One Year	0%
Net Asset Value	\$0.50
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAF/S1+

### Inventory Position

	Book Value	Market Value
Cash/Repo	47,130,986	47,130,986
US Treasuries	-	-
Agencies	111,522,224	111,649,077
Commercial Paper	2,563,801,145	2,563,997,948
FDIC Guaranteed	-	-
US Dept of Ed Guarantee	-	-
Money Market Funds	151,105,289	151,105,289
<b>Total Assets</b>	<b>2,873,559,643</b>	<b>2,873,883,300</b>

### Investment Distribution



(c) The Weighted Average Maturity One calculation uses the industry standard definition of state maturity for floating rate instruments, the number of days until the next reset date. The Weighted Average Maturity Two calculation uses the final maturity of any floating rate instruments, as opined in Texas Attorney General Opinion No. JC0359.



The Lone Star Investment Pool Information Statement should be read carefully before investing. Investors should consider the investment objectives, risks, charges, and expenses associated with this or any security prior to investing. Investment in Lone Star Investment Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency, and although Lone Star seeks to preserve the value of the investment at a fixed share price, it is possible to lose money by investing in Lone Star. For further information or for an Information Statement contact First Public at 800.558.8875. The return information is net of all current operating expenses. The return represents past performance and is no indication of future results.

*Custodian Bank: State Street Bank*

*Investment Managers: American Beacon Advisors  
and Standish*

*Endorsed by: Texas Association of School Administrators and  
Texas Association of School Boards*



First Public  
12007 Research Blvd.  
Austin, Texas 78759  
800.558.8875  
firstpublic.com

# Fund Performance Update

September 30, 2013

## Comments by Standish, Investment Manager

One of the most anticipated FOMC meetings in years surprised the markets as the Fed announced that it is not yet ready to begin tapering the monthly bond purchases of \$85 billion per month. (The market had been expecting a reduction of \$10 to \$15 billion per month.) At the September 18th meeting, the Fed indicated that more evidence of sustained economic improvement is necessary before scaling back its purchases.

Also in September, Larry Summers announced his withdrawal from consideration for the Fed Chairmanship when Ben Bernanke's term expires next year. The bond market rallied after the announcement as Janet Yellen became the front runner with the markets taking this news as a dovish sign.

After failing to reach a last-minute deal to fund the government, lawmakers in Congress allowed the government to shut down, suspending nonessential activities. The length of the shutdown could have significant impact on GDP growth in the fourth quarter.

## Active Participants

Schools and Colleges	551
Other Governmental	93
<b>Total</b>	<b>644</b>

Lone Star Investment Pool is distributed by First Public.



# TheINVESTOR

October 2013

## TheNEWS

### Commercial Paper in Public Funds

In the public funds marketplace investing commercial paper (CP) is typically viewed as a short-term investment alternative. However, CP is important because it allows corporations to meet some of their short-term obligations such as payroll or short-term fundings in a way that does not break the bank. The fact is that most of the world has in some way benefitted from CP financing -- from filling up at a gas station, eating at a restaurant or observing a public works project, you can be assured that many of your experiences have been brought to you thanks to some type of CP financing.

Traditionally commercial paper is the low-cost alternative to a traditional bank credit line. In many cases it is cheaper for corporations to rely on CP as opposed to accessing and drawing on their bank's line of credit allowing established corporations with high credit ratings a cheaper funding source. Either way, CP can enter the marketplace through a broker, while direct CP issuers (often financial or banking companies) are able to directly access the market without using an intermediary.

Simply put, CP is akin to a home equity line of credit or a credit card designed for large financially stable companies. Sometimes these large, financially stable companies have money and sometimes they don't, so going to the CP marketplace allows them to borrow money on a short-term basis with the understanding that it will be repaid with interest in the future.

CP makes a difference to corporations that fund their flow of goods & services and payrolls on a weekly/monthly/quarterly basis. It also makes a positive difference to the investors in the short-term, high quality money market arena, and when you add up all the benefits to the various sectors it is clearly good for the economy as it allows goods and services to reach consumers each and every day.

It also provides for and supports a free market economy; it is its transactional life blood. While the CP market ebbs and flows it can often be under considerable strain due to market volatility, money fund activity, and traditional investor appetites for product. Over time, and in the wake of the global financial crisis the volume of outstanding CP has been steadily reduced and now is often refinanced "daily" adding to the burden of those intermediaries that play the vital role in facilitating our free market economy.

Like any investment, there are risks, but when CP is properly understood and evaluated, a good credit team and a sound credit process can eliminate much of the risk.

If you would like to learn more about CP, and the vital role it plays in our economy, please select the link below to download our free white paper:

***Commercial Paper (CP) De-Mystified***

All comments and disclosures presented are solely based on opinion and assumptions, not fact, and these assumptions may or may not be correct based on forecast and unforeseen events. The information above is not a recommendation to buy, sell, implement or change any securities or investment strategy, fund or process. Any financial and/or investment decisions should be made only after consulting the research, analysis and/or involvement with an experienced professional engaged for the specific purpose. All course past performance is not an indication of future performance. Any financial and/or investment decisions may incur losses.

Texas  
**CLASS**<sup>®</sup>

## The **ECONOMY**

### Not There Yet

The Federal Reserve (Fed) surprised many Wall Street analysts in September by declining to announce a tapering of the Quantitative Easing (QE) program. For the past few months, financial markets have experienced significant volatility from speculation that the Fed would reduce its monthly bond purchases this fall. For now, The Fed has stated that it would like more time to analyze the current economic data before reversing course on monetary policy.

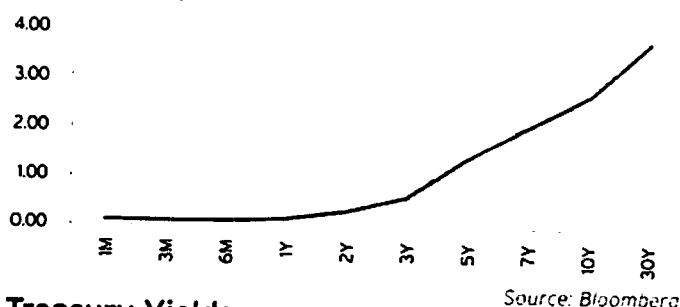
The recent rise in interest rates, in conjunction with the Congressional gridlock stemming from the budget and debt ceiling debate, has apparently given the Fed second thoughts. Faced with an economy lacking momentum and the first government shutdown in 17 years, it's unlikely that the Fed would want monetary policy to be less accommodative. In addition, key economic releases such as the September labor-market report have not been readily available for the Fed to digest due to the furlough of Federal workers. This lack of clarity complicates the Fed's decision making process.

Many economist believe that the longer the government is shut down, the less likely a Fed taper is this year. U.S. companies will begin to release their third quarter earnings over the coming weeks. If the results fall short of analysts' consensus expectations, this may further dampen the Fed's desire to reduce its monthly bond purchases. Regardless of the outcome of these events, it is still widely believed that the Fed will keep its target rate near zero for the foreseeable future. Until that changes, short-term yields will continue to be anchored near all-time lows.

### Portfolio Strategy

While long-term rates have risen substantially over the past few months, short-term rates continue to be anchored by the Fed's zero interest target rate policy. We remain focused on safety, liquidity and then yield. Texas CLASS is rated AAAM by Standard & Poor's.

### US Treasury Curve



### Treasury Yields

MATURITY	10/3/13	9/3/13	CHANGE
3 Month	0.020%	0.020%	0.000%
6 Month	0.030%	0.040%	-0.010%
1-Year	0.090%	0.120%	-0.030%

Source: Bloomberg

### Agency Yields

MATURITY	10/3/13	9/3/13	CHANGE
3 Month	0.050%	0.020%	0.030%
6 Month	0.080%	0.060%	0.020%
1-Year	0.170%	0.130%	0.040%

Source: Bloomberg

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

MATURITY	10/3/13	9/3/13	CHANGE
1 Month	0.140%	0.170%	-0.030%
3 Month	0.190%	0.210%	-0.020%
6 Month	0.290%	0.320%	-0.030%
9 Month	0.420%	0.430%	-0.010%

Source: Bloomberg

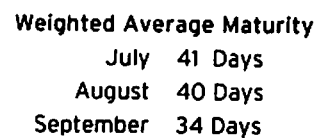
### Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q2 '13	2.50%
US Unemployment	Aug '13	7.30%
ISM Manufacturing	Aug '13	56.2
PPI YoY	Aug '13	1.40%
CPI YoY	Aug '13	1.50%
Fed Funds Target	Sept 18 '13	0 - 0.25%

Source: Bloomberg

**Fund Highlights as of September 30, 2013 (Unaudited)**

## Participant Asset Distribution



## The **FUND**

### Highlights as of September 30, 2013

(Unaudited)

For the month of September 2013, the Program Administrator, accrued fees of \$117,888.54 based on average assets for the Texas CLASS of \$2,206,631,048.41. The fee is accrued on a daily basis by multiplying the value of the investment property as determined each day by the fee rate divided by 365 days. The Program Administrator reserves the right to abate fees listed in the Sixth Amended and Restated Trust Agreement. The monthly fee is the sum of all daily fee accruals for the month of September. The fee is paid monthly upon notification to the custodian bank. As of September 30, 2013 the fee was 6.5 basis points.

- Rated "AAAm" by Standard and Poor's Rating Services.
- Net Asset Value from June 30, 2013 to September 30, 2013 is equal to \$1.00.
- The final maturity dates of all securities were less than one year.
- The custodian bank for Texas CLASS is Wells Fargo Bank.
- Total Number of Participants is 471.
- There are currently no investments that have a stated maturity greater than one year.
- The portfolio manager for Texas CLASS is Randy Palomba, CFA.
- The Sixth Amended and Restated Trust Agreement was adopted by the Board of Trustees on August 16, 2013. You can access your copy of the Sixth Amended and Restated Trust Agreement by visiting our website at [www.texasclass.com](http://www.texasclass.com).

Additional information can be provided to you by calling the Texas CLASS Client Service Desk at 1-800-707-6242.

### Texas CLASS

2435 North Central Expressway  
Suite 1200  
Richardson, TX 75080  
T 214-473-4224  
[info@texasclass.com](mailto:info@texasclass.com)  
[www.texasclass.com](http://www.texasclass.com)

### Advisory Board Members

NAME	TERM
Mark Burton Municipal Accounts & Consulting, L.P.	2014
Arthur Martin Qualified Non-Participant	2015
Tony Sekaly Qualified Non-Participant	2013

### Board of Trustees Members

NAME	TERM
Mike Hagar Alamo Heights ISD	2014
Rodney Rhoades City of McKinney	2015
Roger Roecker City of Friendswood	2015
Cindy Brown Denton County	2015
Steve Williams City of Conroe	2015
Vacancy	2013
Vacancy	2013

# ***Texas CLASS Daily Rates September 2013***

For more information, call Texas CLASS at (800)707-6242  
Fax: (855)848-9910



<i><b>Date</b></i>	<i><b>Daily Rates</b></i>	<i><b>Annual Yield</b></i>
09/01/13	0.10%	0.10%
09/02/13	0.10%	0.10%
09/03/13	0.10%	0.10%
09/04/13	0.09%	0.09%
09/05/13	0.09%	0.09%
09/06/13	0.10%	0.10%
09/07/13	0.10%	0.10%
09/08/13	0.10%	0.10%
09/09/13	0.09%	0.09%
09/10/13	0.09%	0.09%
09/11/13	0.10%	0.10%
09/12/13	0.10%	0.10%
09/13/13	0.10%	0.10%
09/14/13	0.10%	0.10%
09/15/13	0.10%	0.10%
09/16/13	0.09%	0.09%
09/17/13	0.09%	0.09%
09/18/13	0.09%	0.09%
09/19/13	0.09%	0.09%
09/20/13	0.09%	0.09%
09/21/13	0.09%	0.09%
09/22/13	0.09%	0.09%
09/23/13	0.09%	0.09%
09/24/13	0.09%	0.09%
09/25/13	0.08%	0.08%
09/26/13	0.07%	0.07%
09/27/13	0.07%	0.07%
09/28/13	0.07%	0.07%
09/29/13	0.07%	0.07%
09/30/13	0.09%	0.09%
Average	0.09%	0.09%

Rates can vary over time. Past performance is no guarantee of future results.

# Texas CLASS Portfolio Holdings

## September 2013

For more information, call Texas CLASS at (800)707-6242  
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Face Amount		Maturity Date	Yield/Rate	Value
FEDERAL FARM CREDIT BANK NOTES				
\$25,000,000.00	Federal Farm Credit Bank Notes	10/18/2013	0.14%	\$24,999,775.00
\$15,000,000.00	Federal Farm Credit Bank Notes	02/10/2014	0.14%	\$14,998,350.00
<hr/>				
\$40,000,000.00	TOTAL FEDERAL FARM CREDIT BANK NOTES			\$39,998,125.00
FEDERAL HOME LOAN BANK NOTES				
\$50,000,000.00	Federal Home Loan Bank Notes	10/01/2013	0.06%	\$50,000,000.00
\$28,095,000.00	Federal Home Loan Bank Notes	12/26/2013	0.10%	\$28,093,651.44
\$31,065,000.00	Federal Home Loan Bank Notes	10/30/2013	0.05%	\$31,064,502.96
<hr/>				
\$109,160,000.00	TOTAL FEDERAL HOME LOAN BANK NOTES			\$109,158,154.40
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES				
\$30,000,000.00	Federal National Mortgage Association Notes	12/31/2013	0.15%	\$29,998,470.00

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#### FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES

\$20,000,000.00	Federal National Mortgage Association Notes	12/02/2013	0.06%	\$19,999,320.00
<hr/>				
\$50,000,000.00	<b>TOTAL FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES</b>			<b>\$49,997,790.00</b>

#### FREDDIE MAC NOTES

\$5,900,000.00	FREDDIE MAC Notes	02/11/2014	0.10%	\$5,899,345.10
\$25,000,000.00	FREDDIE MAC Notes	11/05/2013	0.13%	\$24,999,525.00
\$15,000,000.00	FREDDIE MAC Notes	02/04/2014	0.16%	\$14,998,425.00
<hr/>				
\$45,900,000.00	<b>TOTAL FREDDIE MAC NOTES</b>			<b>\$45,897,295.10</b>

#### FARMER MAC NOTES

\$25,000,000.00	FARMER MAC Notes	11/26/2013	0.14%	\$24,999,225.00
\$20,000,000.00	FARMER MAC Notes	12/27/2013	0.18%	\$19,999,040.00
<hr/>				
\$45,000,000.00	<b>TOTAL FARMER MAC NOTES</b>			<b>\$44,998,265.00</b>

#### REPURCHASE AGREEMENTS

\$607,938,726.65	Collateral Total Amount = \$620,097,501.18 or 102%.	10/01/2013	0.02%	\$607,938,726.65
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## REPURCHASE AGREEMENTS

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**\$607,938,726.65 TOTAL REPURCHASE AGREEMENTS**

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**\$607,938,726.65**

### MUNICIPAL

<b>\$4,400,000.00</b>	State of Texas	10/01/2013	0.22%	<b>\$4,400,000.00</b>
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**\$4,400,000.00 TOTAL MUNICIPAL**

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**\$4,400,000.00**

### COMMERCIAL PAPER

<b>\$15,000,000.00</b>	Standard Chartered Bank	01/17/2014	0.25%	<b>\$14,991,430.50</b>
<b>\$13,500,000.00</b>	Manhattan Asset Fdg Corp	10/11/2013	0.18%	<b>\$13,499,443.80</b>
<b>\$26,930,000.00</b>	Societe Generale North America	10/31/2013	0.25%	<b>\$26,928,230.70</b>
<b>\$20,000,000.00</b>	Kells Funding LLC	10/29/2013	0.26%	<b>\$20,001,160.00</b>
<b>\$25,000,000.00</b>	Kells Funding LLC	03/18/2014	0.23%	<b>\$25,000,125.00</b>
<b>\$25,000,000.00</b>	Victory Receivables Corp	10/09/2013	0.15%	<b>\$24,999,170.00</b>
<b>\$20,000,000.00</b>	FCAR Owner Trust	12/03/2013	0.26%	<b>\$19,993,908.00</b>
<b>\$15,000,000.00</b>	Credit Suisse New York	12/05/2013	0.27%	<b>\$14,994,169.50</b>

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# **COMMERCIAL PAPER**

\$20,000,000.00	Kells Funding LLC	11/06/2013	0.24%	\$19,997,226.00
\$40,000,000.00	Standard Chartered Bank	01/07/2014	0.26%	\$39,980,312.00
\$15,000,000.00	University of Texas Sys	10/07/2013	0.08%	\$14,999,850.00
\$20,000,000.00	Bank of Tokyo-Mitsubishi UFJ	10/11/2013	0.18%	\$19,999,298.00
\$15,000,000.00	Fairway Finance LLC	01/06/2014	0.19%	\$15,000,015.00
\$25,000,000.00	Credit Suisse New York	10/04/2013	0.29%	\$24,999,582.50
\$30,000,000.00	Fairway Finance LLC	12/04/2013	0.18%	\$30,000,000.00
\$28,000,000.00	Sheffield Receivables Co	10/15/2013	0.19%	\$27,998,600.00
\$25,000,000.00	Gotham Funding Corp	10/24/2013	0.14%	\$24,997,450.00
\$10,000,000.00	ING US Funding LLC	11/01/2013	0.51%	\$9,998,569.00
\$30,000,000.00	Manhattan Asset Fdg Corp	10/07/2013	0.18%	\$29,999,241.00
\$28,000,000.00	Market Street Fdg LLC	10/16/2013	0.17%	\$27,999,129.20
\$20,000,000.00	Kells Funding LLC	01/16/2014	0.20%	\$19,999,500.00
\$25,000,000.00	Barclays Capital Funding US	01/10/2014	0.49%	\$24,983,992.50
\$30,000,000.00	ING US Funding LLC	11/13/2013	0.21%	\$29,993,802.00

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# **COMMERCIAL PAPER**

\$25,000,000.00	Standard Chartered Bank	01/06/2014	0.22%	\$24,987,862.50
\$25,000,000.00	Societe Generale North America	11/15/2013	0.19%	\$24,994,857.50
\$25,000,000.00	Rabobank USA Fin Corp	03/07/2014	0.22%	\$24,977,945.00
\$30,000,000.00	Fairway Finance LLC	03/11/2014	0.19%	\$29,998,830.00
\$30,000,000.00	Ridgefield Funding Co LLC	10/02/2013	0.20%	\$29,999,784.00
\$25,000,000.00	Bank of Tokyo-Mitsubishi UFJ	10/21/2013	0.18%	\$24,997,812.50
\$30,000,000.00	ING Funding	02/11/2014	0.30%	\$29,968,956.00
\$25,000,000.00	Sheffield Receivables Co	01/10/2014	0.22%	\$24,985,692.50
\$30,000,000.00	Credit Suisse New York	11/08/2013	0.35%	\$30,004,500.00
\$25,000,000.00	Ridgefield Funding Co LLC	10/04/2013	0.20%	\$24,999,550.00
\$25,000,000.00	Credit Suisse New York	10/18/2013	0.29%	\$24,998,125.00
\$20,500,000.00	ING US Funding LLC	12/17/2013	0.53%	\$20,490,850.85
\$20,000,000.00	University of Texas	10/02/2013	0.09%	\$20,000,000.00
\$15,000,000.00	Fairway Finance LLC	01/14/2014	0.19%	\$15,000,075.00
\$15,000,000.00	Alpine Securitization Corp	10/18/2013	0.27%	\$14,999,062.50

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#### COMMERCIAL PAPER

\$25,000,000.00	Working Capital Mgmt	11/05/2013	0.19%	\$24,996,400.00
\$40,000,000.00	Barclays Capital Funding US	03/07/2014	0.41%	\$39,943,648.00
\$30,000,000.00	Standard Chartered Bank	04/10/2014	0.33%	\$29,952,960.00
\$20,000,000.00	Market Street Fdg LLC	10/17/2013	0.15%	\$19,999,338.00
\$20,000,000.00	Barclays US Funding Corp	02/07/2014	0.44%	\$19,980,500.00
\$15,000,000.00	Working Capital Mgmt	10/15/2013	0.18%	\$14,999,250.00
\$25,000,000.00	Rabobank USA Fin Corp	12/02/2013	0.25%	\$24,994,750.00
\$15,000,000.00	Working Capital Mgmt	10/08/2013	0.17%	\$14,999,629.50

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**\$1,076,930,000.00 TOTAL COMMERCIAL PAPER**

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**\$1,076,624,583.55**

#### MONEY MARKET ACCOUNTS

\$125,000,000.00	JPMorgan Chase	09/30/2013	0.35%	\$125,000,000.00
\$75,000,000.00	JPMorgan Chase	10/01/2013	0.25%	\$75,000,000.00

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**\$200,000,000.00 TOTAL MONEY MARKET ACCOUNTS**

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**\$200,000,000.00**

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**\$2,179,328,726.65 TOTAL INVESTMENTS**

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**\$2,179,012,939.70**

# ***Portfolio Participants September 2013***

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For more information, call Texas CLASS at (800)707-6242  
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Alamo Heights ISD  
Alvin ISD  
Aransas County ISD  
Athens ISD  
Baker Road M.U.D.  
Bastrop County  
Village of Bee Cave  
Bell County  
Blinn College  
Brazoria County M.U.D. # 1  
Brazoria County M.U.D. # 6  
Brookshire Municipal Water District  
City of Buda  
Burkburnett ISD  
Burnet County  
Caldwell County Appraisal District  
Canyon Lake Library District  
Cass County  
City of Cedar Hill  
Channelview ISD  
Cinco M.U.D. #9  
City of Burnet  
City of Friendswood  
City of Huntsville  
City of Kyle  
City of Montgomery  
City of Schertz  
City of Whitehouse  
City of Cleburne  
Coke County  
Columbia - Brazoria ISD  
City of Commerce

Alice ISD  
Anahuac ISD  
Aransas County  
Atlanta ISD  
City of Balch Springs  
Beckville ISD  
Beechnut M.U.D.  
Bexar County Tax Assessor Collector  
Blue Ridge West M.U.D.  
Brazoria County M.U.D. # 2  
Brenham ISD  
City of Brownsville  
City of Bulverde  
City of Burleson  
Caldwell ISD  
Calhoun County ISD  
Carroll ISD  
City of Castle Hills  
Celina ISD  
Chapel Hill ISD  
City of Bay City  
City of Conroe  
City of Haltom City  
City of Kerrville  
City of Laredo  
City of Navasota  
City of Tomhall  
City of Woodcreek  
Coastal Bend College  
Collin County  
City of Columbus  
Connally ISD

Allen ISD  
Angleton Independent School  
Arlington ISD  
City of Austin  
Barker Cypress M.U.D.  
City of Bedford  
Beeville ISD  
Birdville ISD  
Brazoria County  
Brazoria County M.U.D. # 3  
Brewster County  
Brownsville ISD  
Bulverde Area Rural Library District  
Burleson County  
Caldwell County  
Cauhtillo ISD  
Carson County  
Castlewood M.U.D.  
Central Texas College  
Chelford One M.U.D.  
City of Boerne  
City of El Paso  
City of Harker Heights  
City of Kingsville  
City of Longview  
City of Piney Point Village  
City of Troup  
Clear Creek ISD  
Coastal Plains MHMR  
Colorado County  
Columbus ISD  
Conroe ISD

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City of Converse	City of Converse Econ. Dev. Corp.	Coppell ISD
Corpus Christi ISD	Crosbyton CISD	Crowley I.S.D.
Cypress Forest P.U.D.	Dallas County Utility & Reclamation District	Dallas County Schools
Dallas Housing Authority	Dallas ISD	City of DeSoto
DeSoto ISD	DeWitt Medical District	Deer Park ISD
City of Deer Park	Del Valle ISD	Denton County
Denton County District Clerk	Devers ISD	Dickinson ISD
Duncanville ISD	Eagle Mountain-Saginaw ISD	Eanes ISD
East Central ISD	Ector County	Edcouch-Elsa ISD
Edgewood ISD	Edinburg C.I.S.D.	City of El Campo
El Paso County	El Paso ISD	El Paso County 911 District
Eldridge Road M.U.D.	Ellis County	Encanto Real U.D.
Ennis I.S.D.	Everman ISD	Farmersville ISD
First Colony Levee Improvement District	City of Floresville	Floresville 4A Corporation
Forney I.S.D.	Fort Bend County M.U.D. # 2	Fort Bend County M.U.D. # 111
Fort Bend County	Fort Bend County M.U.D. # 140	Fort Bend County District Clerk
Fort Bend County M.U.D. # 25	Fort Bend County M.U.D. # 34	Fort Bend County M.U.D. # 35
Fort Bend County M.U.D. # 41	Fort Bend County M.U.D. # 94	Fort Bend County, Office of County Clerk
Fort Bend Emergency Service District No. 2	Fort Bend M.U.D. # 66	Fort Bend M.U.D. No. 142
Fort Sam Houston ISD	Fort Worth I.S.D.	Franklin County
Frankston ISD	Fredericksburg ISD	Frenship ISD
Friendswood ISD	City of Fulshear	Guadalupe Blanco River Authority
Gainesville Hospital District DBA North Texas Medical Center	Galveston County	Galveston County M.U.D. # 14
Galveston County M.U.D. # 15	Galveston County M.U.D. # 29	Galveston Independent School District
City of Garland	George West ISD	Georgetown ISD
Gillespie County	City of Goliad	Goliad ISD
Gonzales ISD	Grand Lakes M.U.D. # 1	Grand Lakes M.U.D. # 2
Grand Lakes M.U.D. # 4	Grand Lakes WC & ID	Grand Prairie ISD
Green Trails M.U.D.	Greenville I.S.D.	City of Greenville
Groesbeck ISD	Guadalupe County	Gulf Coast Waste Disposal Authority
Gunter ISD	Fort Hancock ISD	Hardin ISD
Harlandale ISD	Harlingen CISD	Harris County M.U.D. # 148
Harris County M.U.D. # 153	Harris County E.S.D. # 48	Harris County M.U.D. # 81
Harris County Utility District # 14	Harris County M.U.D. # 46	Harris County Utility District # 6
Harris County M.U.D. # 151	Harris County M.U.D. # 280	Harris County M.U.D. # 239
Harris County M.U.D. # 118	Harris County M.U.D. # 150	Harris County M.U.D. # 166
Harris County M.U.D. # 180	Harris County M.U.D. # 183	Harris County M.U.D. # 200

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Harris County M.U.D. # 205	Harris County M.U.D. # 238	Harris County M.U.D. # 249
Harris County M.U.D. # 257	Harris County M.U.D. # 264	Harris County M.U.D. # 276
Harris County M.U.D. # 278	Harris County M.U.D. # 281	Harris County M.U.D. # 284
Harris County M.U.D. # 286	Harris County M.U.D. # 290	Harris County M.U.D. # 304
Harris County M.U.D. # 316	Harris County M.U.D. # 341	Harris County M.U.D. # 342
Harris County M.U.D. # 344	Harris County M.U.D. # 345	Harris County M.U.D. # 359
Harris County M.U.D. # 36	Harris County M.U.D. # 360	Harris County M.U.D. # 370
Harris County M.U.D. # 373	Harris County M.U.D. # 383	Harris County M.U.D. # 389
Harris County M.U.D. # 49	Harris County M.U.D. # 70	Harris County M.U.D. # 96
Harris County M.U.D. No. 215	Harris County M.U.D. # 149	Harris County MUD No. 390
Harris County U.D. # 16	Harris County U.D. #15	Harris County W.C.I.D. Fondren Road
Harris County WC & ID # 89	Harris County WCID # 132	Harris County WCID #119
Harris-Fort Bend M.U.D. # 3	Harris-Fort Bend M.U.D. # 5	Harrison County
Hays CISD	Hays County	Hereford ISD
Hidalgo County	Hidalgo County Drainage District Number One	City of Highland Village
City of Hill Country Village	Hill County	Hitchcock ISD
Hopkins County	Howard County	Hudson I.S.D.
Huntsville I.S.D.	Hurst Euless Bedford ISD	Hutto ISD
Industrial ISD	Irving ISD	Jackrabbit Road P.U.D.
Jackson County	City of Jacksonville	Jacksonville ISD
Jefferson County	Johnson County	Kaufman ISD
Kemp ISD	Kenedy ISD	Kilgore ISD
Killeen ISD	La Porte ISD	La Vega ISD
La Vernia ISD	Lake Dallas ISD	Lake Travis ISD
Lake Worth I.S.D.	Lamar CISD	City of Lancaster
Lancaster ISD	Langham Creek U.D .	Laredo ISD
Leander ISD	City of Leander	Lee County
City of Levelland	City of Levelland Economic Dev Corp	Leveretts Chapel I.S.D.
Limestone County	Little Cypress-Mauriceville CISD	Little Elm ISD
Lockhart ISD	City of Lockhart	Longhorn Town U.D.
Longview Independent School District	Lorenzo ISD	Lovejoy I.S.D.
Mabank ISD	Magnolia ISD	City of Mansfield
Mansfield ISD	Marshall ISD	McKinney ISD
City of McKinney	McLennan County	County of Medina
Mercedes ISD	City of Mercedes	Meyersville ISD
Midland County	Midland ISD	Midway ISD
Millsap ISD	Mission CISD	Mission Bend M.U.D. #2

For more information, call Texas CLASS at (800)707-6242  
Fax: (855)848-9910

Montgomery County	Montgomery County M.U.D. # 18	Montgomery County M.U.D. # 46
Montgomery County M.U.D. # 67	Montgomery County M.U.D. # 7	Montgomery County M.U.D. # 47
Montgomery County M.U.D. # 36	Montgomery County M.U.D. # 40	Montgomery County M.U.D. # 6
Montgomery County M.U.D. # 60	Montgomery County MUD No. 84	Montgomery I.S.D.
Mt. Pleasant I.S.D.	Nacogdoches ISD	Navarro County
New Braunfels ISD	City of New Braunfels	North East ISD
North Forest ISD	City of North Richland Hills	North Texas Tollway Authority
Northpointe W.C.I.D.	Northside ISD	Northwest Frwy M.U.D.
Northwest Harris County M.U.D. # 21	Northwest Harris County M.U.D. # 16	Nueces County Hospital District
Nueces County	OST/Alameda Redevelopment	Overton ISD
Palestine ISD	Palmer ISD	Palmer Plantation M.U.D. #1
Palmer Plantation M.U.D. #2	Paris Economic Development Corporation	Paris ISD
City of Pasadena	Pasadena ISD	Pearsall ISD
Pecan Grove M.U.D.	Pettus ISD	Pflugerville ISD
Pharr-San Juan-Alamo ISD	Pine Tree ISD	Plantation M.U.D.
Polk County	Prosper I.S.D.	Queen City ISD
Randolph Field ISD	Raymondville ISD	Red Oak ISD
Redwater ISD	Refugio County Appraisal District	Refugio ISD
Region One ESC	Region 19 ESC	Region 2 ESC
Reid Road M.U.D. #2	Remington M.U.D. # 1	Rice CISD
Richardson ISD	Rio Grande City CISD	River Road ISD
Rockett Special Utility District (SUD)	Rockwall County	Rockwall ISD
Rogers ISD	Roma ISD	Roosevelt ISD
City of Rosenberg	S & S CISD	Sabine ISD
Sagemeadow Utility District	Salado Public Library District	Salado ISD
San Angelo ISD	San Benito CISD	San Felipe - Del Rio CISD
San Jacinto County	San Patricio Cnty. Drainage Dist. (U.D.)	San Patricio County
Santa Fe ISD	Schertz Cibolo Universal City ISD	Schertz/Seguin Local Gov't Corp.
Scurry - Rosser ISD	Sealy I.S.D.	Seguin ISD
Seguin Economic Development Corp.	Sharyland ISD	City of Shavano Park
Sherman ISD	City of Sherman	Sinton ISD
Smith County	South San Antonio ISD	South Texas Water Authority (U.D.)
City of Southlake	Spencer Road Public Utility District	Stafford MSD
Stamford ISD	Sweeny Independent School District	Taft ISD
Tarrant County	Tatum ISD	Taylor ISD
City of Taylor	Taylor County	City of Temple
Temple ISD	Temple Junior College	Terrell ISD



For more information, call Texas CLASS at (800)707-6242  
Fax: (855)848-9910

Texarkana ISD	Texas School for the Blind ISD	Texas School for the Deaf
The Woodlands M.U.D. #2	Thorndale ISD	Tom Green County
Tom Green County Clerk	Tropical Texas Behavioral Health	Trnup ISD
Tuloso - Midway ISD	Tyler ISD	United ISD
Van Alstyne ISD	Van Zandt County	Victoria ISD
Vidor I.S.D.	Waco ISD	Walker County
Waller County	Waller ISD	Washington County
Waxahachie ISD	Weatherford ISD	Webb County
Wells Fargo Bank NA as TTEE for Brownsville	Weslaco ISD	West ISD
West Harris County M.U.D. # 11	West Park M.U.D.	Westador M.U.D.
Westlake M.U.D.	City of White Oak	White Oak ISD
Whitehouse I.S.D.	Whitesboro I.S.D.	Willacy County
Williamson County MUD No. 9	Willow Fork Drainage District (U.D.)	Wylie ISD
Yorktown ISD	Ysleta ISD	Zapata County ISD

# *Notes*

## *September 2013*

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**For more information, call Texas CLASS at (800)707-6242  
Fax: (855)848-9910**

Please note that effective October 1, 2013, all Texas CLASS online transactions will be made via MYACCESS. In order to register your Texas CLASS account on MYACCESS please contact Client Services at (800) 707-6242 or via email at [clientservices@texasclass.com](mailto:clientservices@texasclass.com).

For historical information, Client Connection will remain open until December 31, 2013. In order to access Client Connection please use the following web address: <https://cc.cutwater.com/cwcc/Login.ccon>

Please note: all correspondence and audit confirmation requests should be mailed to:

Texas CLASS Client Services  
113 King Street  
Armonk, NY 10504

You may now view and print your Participant Profile on Client Connection. Under Summaries and Reports, click on Statement Reports and then Participant Profile. Follow the instructions to make revisions to your Participant information.

As a reminder, Client Connection is a secure and easy way to initiate and monitor all transactions and offers convenient access to administrative information pertaining to the Texas CLASS Pool. To benefit from Client Connection's unique features, Cutwater is pleased to present web-based video tutorials at <http://www.texasclass.com/train/>. We hope you find these tutorials to be helpful and we encourage you to use Client Connection for all your Texas CLASS transactions.

Cutwater Asset Management invites you to listen to a replay of our investment webinar "The Benefits of Commercial Paper," which outlines the fundamentals of commercial paper, describes the post-financial crisis evolution of the commercial paper market, and explains the benefits of allocations to commercial paper in short term portfolios. The webinar replay can be found at: <http://www.cutwater.com/webinars.aspx>.

The portfolio manager for Texas CLASS is Marc McClure, CFA.

**For more information, call Texas CLASS at (800)707-6242  
Fax: (855)848-9910**

For the month of September 2013, Cutwater Investor Services Corp. ("Cutwater"), in its role as Program Administrator, accrued fees of \$117,889 based on average assets for Texas CLASS of \$2,206,631,048. The fee is accrued on a daily basis by multiplying the value of the investment property as determined each day by the fee rate divided by 365 Days. Cutwater reserves the right to abate fees listed in the Fifth Amended and Restated Trust Agreement. The monthly fee is the sum of all daily fee accruals for the month of February. The fee is paid monthly upon notification to the custodial bank. As of September 31, 2013 the fee was .0650 basis points.

The following information is provided in accordance with Texas State Statute 2256.0016. As of September 31, 2013, the portfolio contained the following securities by type:

US Government Agency Bond -	13.31%
US Commercial Paper -	49.41%
Repurchase Agreement -	27.90%
Certificate of Deposits -	9.18%
Municipal Securities -	0.20%

The portfolio is marked-to-market at the end of each business day.  
Market Value at 9/30/2013: \$2,179,012,414.70  
Amortized Cost at 9/30/2013: \$2,178,853,724.55  
Difference: \$158,690.15

The NAV on 9/30/2013 is equal to \$1.00

Dollar Weighted Average Maturity (to Reset): 32 Days  
Dollar Weighted Average Maturity (to Final): 40 Days

The final maturity dates of all securities are less than one year.

Current information can be provided by calling your Client Service Representative at 800-707-6242.

**For more information, call Texas CLASS at (800)707-6242  
Fax: (855)848-9910**

The custodial bank for Texas CLASS is Wells Fargo Bank, NA.

As a registered investment adviser, Cutwater is required to furnish you with a copy of our ADV Part 2A of the SEC registration form. If you would like a copy of this form, please go to:  
<http://www.texasclass.com/document/documents/7E-ADVPART2ACISC.PDF>

The holiday schedule for 2013 is as follows:  
January 21, 2013 - Martin Luther King Jr. Day  
February 18, 2013 - President's Day  
March 29, 2013 - Good Friday  
May 27, 2013 - Memorial Day  
July 4, 2013 - Independence Day  
September 2, 2013 - Labor Day  
October 14, 2013 - Columbus Day  
November 11, 2013 - Veterans Day  
November 28, 2013 - Thanksgiving Day  
December 25, 2013 - Christmas Day

### 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

GIOT

Fort Worth

### TexPool Advisory Board Members

R.C. Allen	LaVonne Mason
Pati Buchenau	John McGrane
Jose Elizondo, Jr.	Clay McPhail
Ron Levérett	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

## Federated

Federated, founded in 1955, is publicly traded on the NYSE. It is one of the largest managers of AAA-rated money market portfolios in the country (Source: *MoneyNet* as of 8/31/13).

Visit us at [FederatedInvestors.com](http://FederatedInvestors.com).

G35884-24 (10/13)

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### 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	AAAm	AAAm

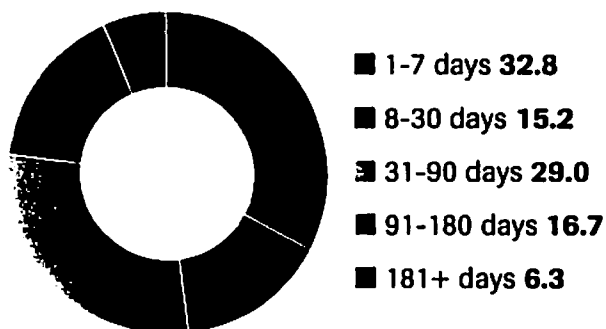
### Month Averages

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

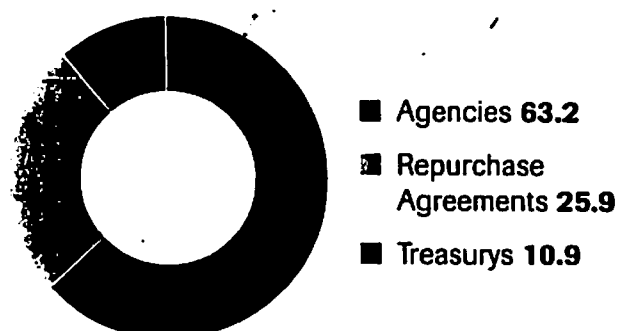
## Portfolio by Maturity (%)

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	-\$8,832,807.00	-\$8,832,807.00
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	8,981,628,651.74	8,982,850,783.28
US Treasury Bills	1,249,973,749.95	1,249,973,250.00
US Treasury Notes	301,080,646.80	301,136,700.00
<b>Total</b>	<b>\$14,176,472,731.61</b>	<b>\$14,177,708,708.40</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	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	\$1,610,553,168.72

## 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.

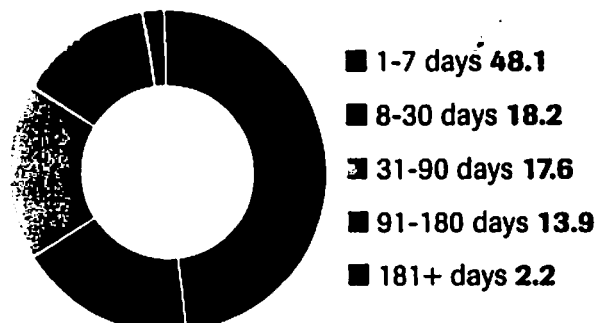
# TEXPOOL

## 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%	0.000001247	\$14,285,334,275.18	1.00008	56	77
09/02	0.0455%	0.000001247	\$14,285,334,275.18	1.00008	56	77
09/03	0.0450%	0.000001234	\$14,044,748,768.24	1.00009	54	75
09/04	0.0453%	0.000001240	\$14,025,425,603.96	1.00008	54	73
09/05	0.0416%	0.000001146	\$13,985,923,770.26	1.00008	54	72
09/06	0.0400%	0.000001095	\$13,955,106,056.16	1.00008	54	73
09/07	0.0400%	0.000001095	\$13,955,106,056.16	1.00008	54	73
09/08	0.0400%	0.000001095	\$13,955,106,056.16	1.00008	54	73
09/09	0.0485%	0.000001330	\$13,890,399,868.45	1.00010	52	72
09/10	0.0374%	0.000001026	\$13,867,666,473.01	1.00010	52	71
09/11	0.0383%	0.000001048	\$13,772,855,763.40	1.00009	53	72
09/12	0.0399%	0.000001093	\$13,753,224,715.07	1.00010	53	72
09/13	0.0402%	0.000001100	\$13,760,674,224.52	1.00009	54	74
09/14	0.0402%	0.000001100	\$13,760,674,224.52	1.00009	54	74
09/15	0.0402%	0.000001100	\$13,760,674,224.52	1.00009	54	74
09/16	0.0493%	0.000001352	\$13,835,714,495.12	1.00010	56	76
09/17	0.0387%	0.000001060	\$13,935,845,412.02	1.00009	57	77
09/18	0.0373%	0.000001021	\$13,859,905,039.85	1.00009	56	77
09/19	0.0368%	0.000001008	\$13,859,963,563.13	1.00010	56	76
09/20	0.0381%	0.000001044	\$13,791,806,827.20	1.00009	56	76
09/21	0.0381%	0.000001044	\$13,791,806,827.20	1.00008	56	76
09/22	0.0381%	0.000001044	\$13,791,806,827.20	1.00009	56	76
09/23	0.0373%	0.000001023	\$13,809,338,550.48	1.00009	53	73
09/24	0.0362%	0.000000993	\$13,832,054,249.61	1.00009	54	73
09/25	0.0333%	0.000000911	\$14,655,160,855.09	1.00009	51	69
09/26	0.0357%	0.000000979	\$14,447,853,600.67	1.00010	54	72
09/27	0.0335%	0.000000919	\$14,338,738,367.10	1.00009	54	72
09/28	0.0335%	0.000000919	\$14,338,738,367.10	1.00009	54	72
09/29	0.0335%	0.000000919	\$14,338,738,367.10	1.00009	54	72
09/30	0.0362%	0.000000992	\$14,176,472,731.61	1.00009	60	78
Average	0.0394%	0.000001081	\$13,995,406,614.51	1.00009	55	74

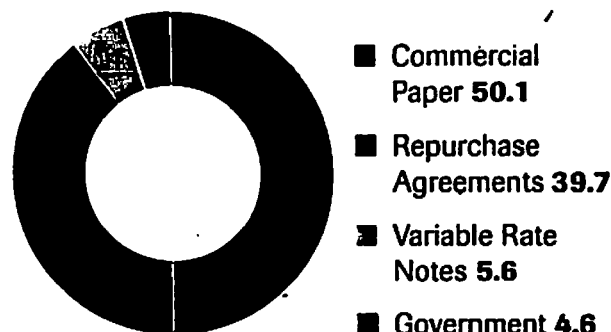
## Portfolio by Maturity (%)

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	-\$56,486.38	-\$56,486.38
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
<b>Total</b>	<b>\$1,089,207,674.47</b>	<b>\$1,089,228,179.77</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	73	\$482,408,615.48
Higher Education	8	\$45,752,698.60
Healthcare	8	\$35,269,078.65
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	\$1,062,451,699.14	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	\$1,060,197,682.67	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
<b>Average</b>	<b>0.0658%</b>	<b>0.000001802</b>	<b>\$1,062,336,272.21</b>	<b>1.00002</b>	<b>42</b>	<b>49</b>

# TEXPOOL

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

PRSRT STD  
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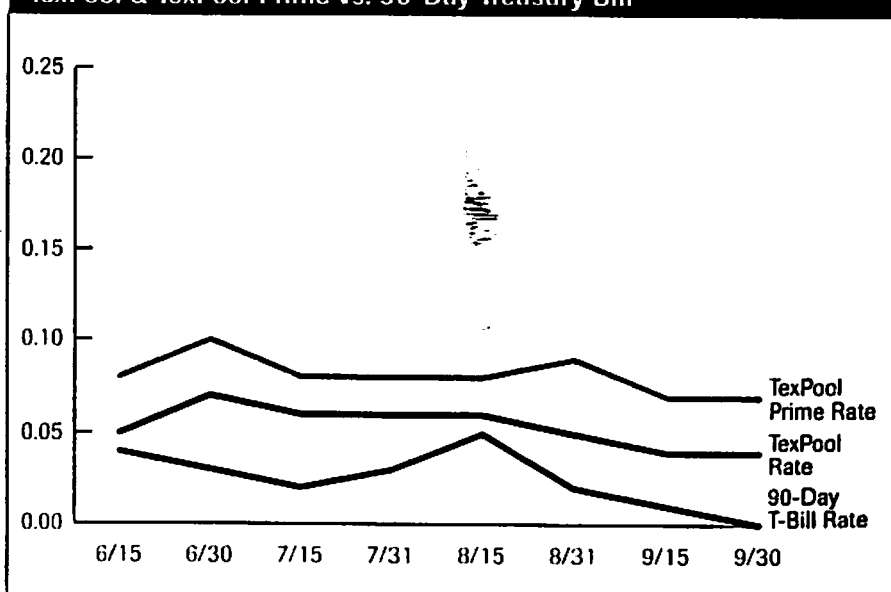
MARTHA AGUIRRE  
CANUTILLO ISD  
PO BOX 100  
CANUTILLO TX 79835-0100

T10 P1

(continued from page 1)

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.

TexPool & TexPool Prime vs. 90-Day Treasury Bill



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.



## Monthly Newsletter - September 2013

### Performance

#### As of September 30, 2013

Current Invested Balance	\$4,545,216,845.55
Weighted Average Maturity (1)	51 Days
Weighted Average Maturity (2)	64 Days
Net Asset Value	1.000082
Total Number of Participants	781
Management Fee on Invested Balance	0.05%*
Interest Distributed	\$335,343.11
Management Fee Collected	\$188,337.88
% of Portfolio Invested Beyond 1 Year	0.55%
Standard & Poor's Current Rating	AAAm

Rates reflect historical information and are not an indication of future performance.

#### September Averages

Average Invested Balance	\$4,582,765,571.29
Average Monthly Yield, on a simple basis	0.0390%
Average Weighted Average Maturity (1)*	52 Days
Average Weighted Average Maturity (2)*	64 Days

#### Definition of Weighted Average Maturity (1) & (2)

- (1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
- (2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

\* The maximum management fee authorized for the TexSTAR Cash Reserve Fund is 12 basis points. This fee September be waived in full or in part in the discretion of the TexSTAR co-administrators at any time as provided for in the TexSTAR Information Statement.

### New Participants

We would like to welcome the following entity who joined the TexSTAR program in September:

★ Avery ISD

★ Bacliff MUD

★ Hidalgo County RMA

★ City of Hooks

### Holiday Reminder

Please note that in observance of the Columbus Day holiday, **TexSTAR will be closed Monday, October 14, 2013.** All ACH transactions initiated on Friday, October 11th will settle on Tuesday, October 15th. This is an unusual holiday where the investment markets are open but the banks are closed. Please plan accordingly for your liquidity needs.

### Economic Commentary

Equity and bond markets were volatile in the third quarter as investors focused on the Federal Reserve meeting in mid-September and the risks associated with the fiscal-policy negotiations in Washington. The Federal Reserve's decision to delay tapering was a notable surprise to the markets. The majority of market participants had predicted that the Fed would announce a reduction in its monthly asset purchase program at its September meeting. Instead, the Fed shocked markets with its dovish comments, maintaining its current monetary policy and leaving monthly asset purchases of Treasuries and mortgage-backed securities at \$85 billion per month. The Fed showed concern over tightening financial conditions and pending fiscal drama, while downplaying the importance of the unemployment rate on a standalone basis, deciding to wait for more evidence that economic progress will be self-sustained before pulling back. On October 1st, Congress was unable to agree on a bill to fund the government at the outset of FY2014 and the government partially shut down for the first time in almost two decades. It is still very unclear how things will develop, but Democrats and Republicans currently remain far from an agreement. The duration of the shutdown will be key in determining the ultimate impact on the economy. The bigger concern is whether Congress will raise the debt ceiling before the October 17th deadline, when extraordinary measures will be exhausted. If they cannot agree on a resolution, the government risks a "technical default" on its debt, which is believed to be unlikely.

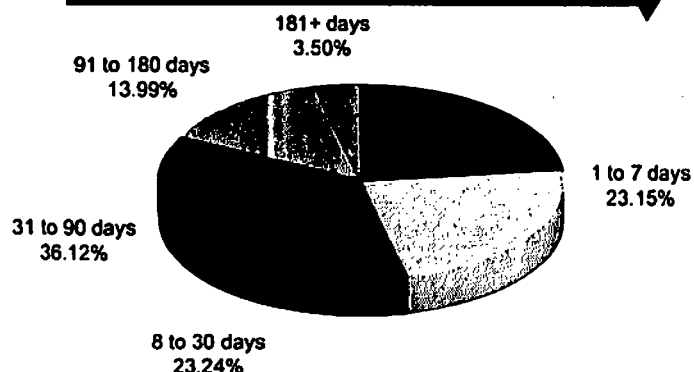
Data released in the third quarter continued to paint a mixed picture of U.S. economic growth. While initial jobless claims have declined, the economy continues to add fewer jobs. Consumer confidence and personal income continue to strengthen, but retail sales growth remains anemic. Manufacturing surveys suggest strong capital expenditures spending, yet capital goods orders have been unchanged. While the base case outlook for global growth continues to be sub-trend, stable and improving global economic conditions have moderately increased the upside potential for growth. Optimism is moderated by the impact of materially higher interest rates since May on the global economy, lower labor participation rates in the U.S. and a slack in global manufacturing. Should the Fed begin tapering its asset purchases before year-end, it would likely be very gradual and accompanied by accommodative forward rate guidance.

This information is an excerpt from an economic report dated September 2013 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.

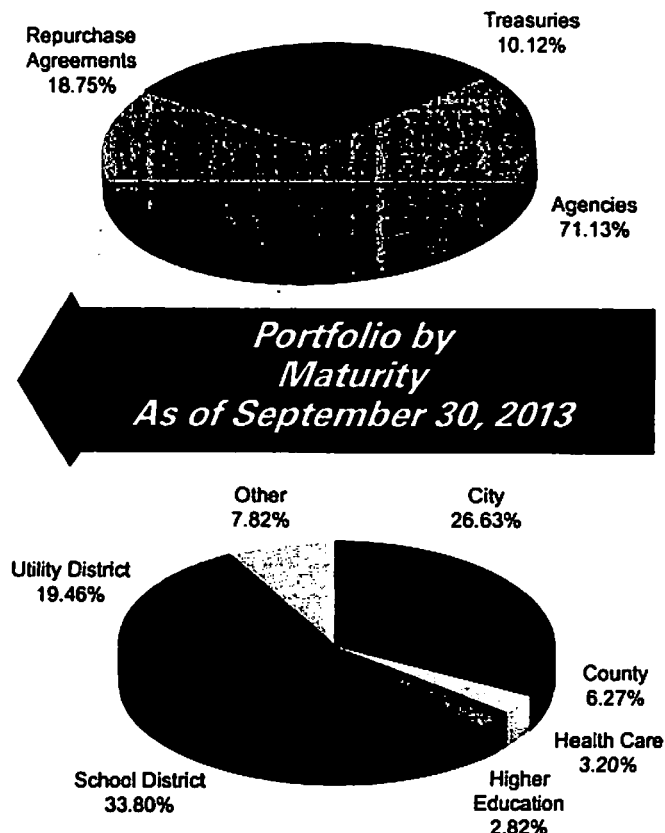
**For more information about TexSTAR, please visit our web site at [www.texstar.org](http://www.texstar.org).**

## Information at a Glance

### Portfolio by Type of Investment As of September 30, 2013



### Distribution of Participants by Type As of September 30, 2013



## Historical Program Information

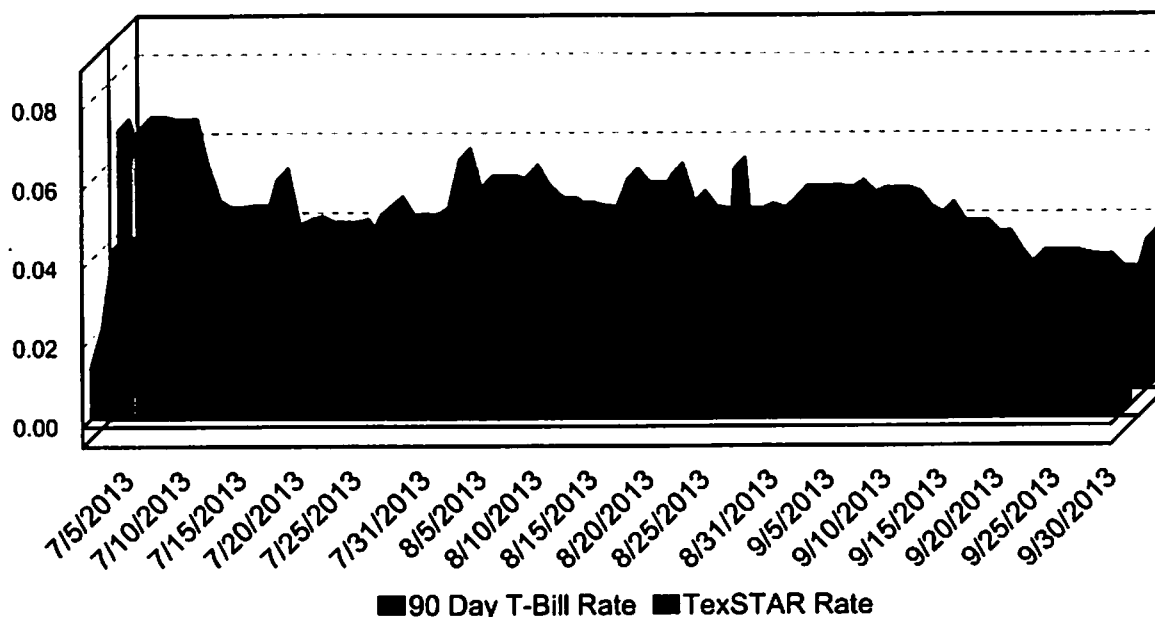
Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Sep 13	0.0390%	4,545,216,845.55	4,545,590,808.40	1.000082	52	64	781
Aug 13	0.0474%	4,682,919,318.35	4,683,351,916.02	1.000091	52	59	777
Jul 13	0.0487%	4,833,856,137.70	4,834,318,370.27	1.000095	52	56	776
Jun 13	0.0614%	5,173,585,142.53	5,173,948,421.52	1.000070	54	58	775
May 13	0.0723%	5,474,920,318.32	5,475,469,836.81	1.000100	54	59	773
Apr 13	0.1038%	5,496,240,712.35	5,496,953,468.88	1.000129	51	57	773
Mar 13	0.1125%	5,635,357,483.25	5,636,069,051.83	1.000126	52	60	770
Feb 13	0.0996%	6,248,843,373.19	6,249,277,988.81	1.000069	51	58	768
Jan 13	0.1103%	6,030,821,287.69	6,031,600,682.90	1.000129	48	57	767
Dec 12	0.1647%	5,411,874,896.68	5,412,541,199.28	1.000123	49	60	767
Nov 12	0.1720%	4,745,368,285.66	4,745,870,906.22	1.000105	51	63	765
Oct 12	0.1746%	4,755,942,789.56	4,756,394,096.44	1.000094	45	60	763

## Portfolio Asset Summary as of September 30, 2013

	Book Value	Market Value
Uninvested Balance	\$ (2,523.55)	\$ (2,523.55)
Accrual of Interest Income	944,404.38	944,404.38
Interest and Management Fees Payable	(371,351.26)	(371,351.26)
Payable for Investment Purchased	0.00	0.00
Repurchase Agreement	852,282,000.00	852,282,000.00
Government Securities	3,692,364,315.98	3,692,738,278.83
<b>Total</b>	<b>\$ 4,545,216,845.55</b>	<b>\$ 4,545,590,808.40</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact TexSTAR Participant Services.

# TexSTAR versus 90-Day Treasury Bill



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness September be subject to change. The TexSTAR management fee may be waived in full or in part at the discretion of the TexSTAR co-administrators and the TexSTAR rate for the period shown reflects waiver of fees. This table represents investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the TexSTAR pool to the T-Bill Yield, you should know that the TexSTAR pool consist of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-day T-Bill.

## Daily Summary for September 2013

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	TexSTAR Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
9/1/2013	0.0489%	0.000001339	\$4,682,919,318.35	1.000091	49	60
9/2/2013	0.0489%	0.000001339	\$4,682,919,318.35	1.000091	49	60
9/3/2013	0.0485%	0.000001329	\$4,635,230,139.59	1.000089	50	60
9/4/2013	0.0502%	0.000001376	\$4,654,768,169.45	1.000091	51	62
9/5/2013	0.0473%	0.000001297	\$4,613,399,037.20	1.000091	53	63
9/6/2013	0.0484%	0.000001327	\$4,551,165,375.96	1.000092	52	62
9/7/2013	0.0484%	0.000001327	\$4,551,165,375.96	1.000092	52	62
9/8/2013	0.0484%	0.000001327	\$4,551,165,375.96	1.000092	52	62
9/9/2013	0.0474%	0.000001298	\$4,520,504,109.81	1.000096	52	63
9/10/2013	0.0436%	0.000001195	\$4,562,895,334.98	1.000095	51	63
9/11/2013	0.0421%	0.000001154	\$4,554,705,225.68	1.000091	52	63
9/12/2013	0.0447%	0.000001225	\$4,545,982,289.88	1.000091	54	67
9/13/2013	0.0401%	0.000001098	\$4,630,534,625.91	1.000085	52	64
9/14/2013	0.0401%	0.000001098	\$4,630,534,625.91	1.000085	52	64
9/15/2013	0.0401%	0.000001098	\$4,630,534,625.91	1.000085	52	64
9/16/2013	0.0372%	0.000001018	\$4,640,264,980.43	1.000092	52	64
9/17/2013	0.0373%	0.000001021	\$4,611,197,920.04	1.000090	53	65
9/18/2013	0.0328%	0.000000899	\$4,593,100,812.11	1.000089	54	66
9/19/2013	0.0292%	0.000000799	\$4,602,170,413.04	1.000091	54	67
9/20/2013	0.0324%	0.000000889	\$4,518,081,222.33	1.000091	53	66
9/21/2013	0.0324%	0.000000889	\$4,518,081,222.33	1.000091	53	66
9/22/2013	0.0324%	0.000000889	\$4,518,081,222.33	1.000091	53	66
9/23/2013	0.0324%	0.000000889	\$4,492,088,714.42	1.000090	53	66
9/24/2013	0.0316%	0.000000867	\$4,532,363,679.81	1.000086	52	64
9/25/2013	0.0312%	0.000000855	\$4,598,211,031.50	1.000085	54	67
9/26/2013	0.0313%	0.000000858	\$4,584,434,905.07	1.000088	54	66
9/27/2013	0.0283%	0.000000774	\$4,577,083,740.25	1.000082	52	64
9/28/2013	0.0283%	0.000000774	\$4,577,083,740.25	1.000082	52	64
9/29/2013	0.0283%	0.000000774	\$4,577,083,740.25	1.000082	52	64
9/30/2013	0.0377%	0.000001032	\$4,545,216,845.55	1.000082	51	64
Average	0.0390%	0.000001068	\$4,582,765,571.29		52	64

TexSTAR Participant Services  
 First Southwest Asset Management, Inc.  
 325 North St. Paul Street, Suite 800  
 Dallas, Texas 75201



## TexSTAR Board Members

<i>William Chapman</i>	<i>Central Texas Regional Mobility Authority</i>	<i>Governing Board President</i>
<i>Nell Lange</i>	<i>City of Frisco</i>	<i>Governing Board Vice President</i>
<i>Kenneth Huewitt</i>	<i>Houston ISD</i>	<i>Governing Board Treasurer</i>
<i>Michael Bartolotta</i>	<i>First Southwest Company</i>	<i>Governing Board Secretary</i>
<i>Joni Freeman</i>	<i>JP Morgan Chase</i>	<i>Governing Board Asst. Sec./Treas.</i>
<i>Eric Cannon</i>	<i>Town of Addison</i>	<i>Advisory Board</i>
<i>Nicole Conley</i>	<i>Austin ISD</i>	<i>Advisory Board</i>
<i>Pamela Moon</i>	<i>City of Lubbock</i>	<i>Advisory Board</i>
<i>Monte Mercer</i>	<i>North Central TX Council of Government</i>	<i>Advisory Board</i>
<i>Oscar Cardenas</i>	<i>Northside ISD</i>	<i>Advisory Board</i>
<i>Stephen Fortenberry</i>	<i>Plano ISD</i>	<i>Advisory Board</i>
<i>Becky Brooks</i>	<i>Government Resource Associates, LLC</i>	<i>Advisory Board</i>
<i>Len Santow</i>	<i>Griggs &amp; Santow</i>	<i>Advisory Board</i>

For more information contact TexSTAR Participant Services ★ 1-800-TEX-STAR ★ [www.texstar.org](http://www.texstar.org)

**FirstSouthwest** 

**J.P.Morgan**  
 Asset Management



# Monthly Report September 2013

## Upcoming Events

October 24 – October 25  
GFOAT Fall Conference  
Richardson, TX

*We look forward to seeing our current and  
prospective investors at the next  
scheduled event.*

## Contact Us

[www.texasterm.net](http://www.texasterm.net)

(866) TEX-TERM  
(866) 839-8376

(866) 208-4261 fax

## Advisory Board

Wes Eversole  
David M. Landeros  
Sharon McCoy-Huber  
Art Alfaro  
Leandro G. Garcia  
Deborah Laudermilk  
Edward B. Peacock

President  
Secretary  
Treasurer  
Participant Board Member  
Participant Board Member  
Participant Board Member  
Non-Participant Board Member



As of September 30, 2013

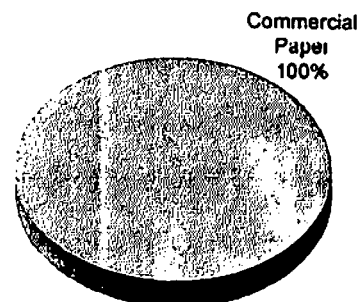
TexasTERM Y - 1213      TexasTERM AA - 1214

Dollar-Weighted Maturity	56.9 days	221.5 days
% of Portfolio Invested Beyond 1 Year	0.00%	0.00%
Expense Ratio	0.20%	0.18%
Standard & Poor's Current Rating	AAAF	AAAF
Net Asset Value Per Share	\$0.998	\$0.999

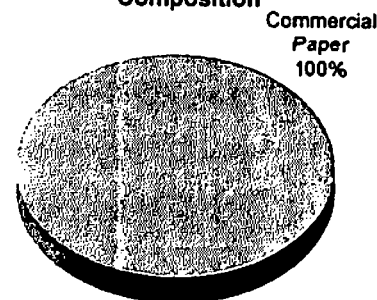
Average Invested Balance during the Month      \$118,418,702.49      \$8,361,307.16

Total Number of Pool Investors      137

TexasTERM Y Portfolio Composition



TexasTERM AA Portfolio Composition

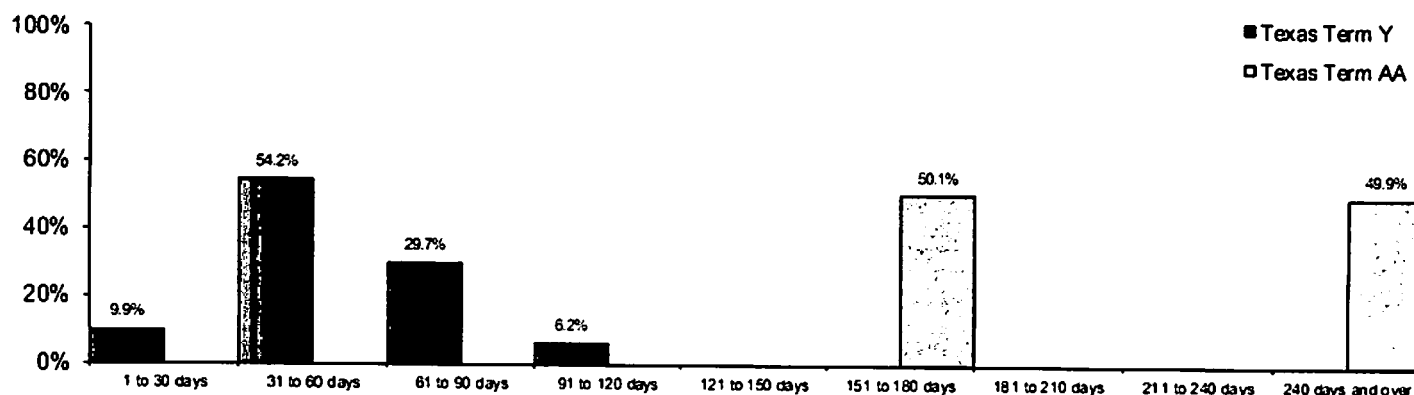


Rates	Non-CP Series		CP Series	
	Rate on September 30	Monthly Average Rate	Rate on September 30	Monthly Average Rate
60-Day Rate	*	*	*	*
75-Day Rate	*	*	*	*
90-Day Rate	*	*	*	*
120-Day Rate	*	*	*	*
180-Day Rate	*	*	0.08%	0.08%
240-Day Rate	*	*	*	*
365-Day Rate	0.01%	0.02%	*	*

The above TexasTERM rates are market rates, subject to change. The monthly average rate is the average of the daily rates quoted for each rate during the month. These rates are quoted on a 365/366 day basis. Interest is simple and payable at maturity. Once you place an investment in TexasTERM, the rate is locked in for the full term of your investment.

\*Limited availability. Please call for daily rates and availability.

Portfolio Maturity Distribution<sup>(1)</sup>



Net Assets as of September 30, 2013\*\*

	TexasTERM Y - 1213		TexasTERM AA - 1214	
	Book Value	Market Value	Book Value	Market Value
Investments	\$ 114,941,596.66	\$ 114,963,003.11	\$ 9,980,993.05	\$ 9,976,665.00
Accrued Interest	0.00	0.00	0.00	0.00
Cash	58,356.99	58,356.99	20,452.64	20,452.64
Payable for Securities Purchased	0.00	0.00	0.00	0.00
Program Expenses Payable	(176,710.04)	(176,710.04)	(3,409.63)	(3,409.63)
<b>Net Assets</b>	<b>\$ 114,823,243.61</b>	<b>\$ 114,844,650.06</b>	<b>\$ 9,998,036.06</b>	<b>\$ 9,993,708.01</b>

(1) Floating rate obligations are shown to the next reset date. All other securities are shown to their final maturity date. Percentages may not add up to 100% due to rounding.

\*\*The financial statements above are prepared on an amortized cost basis. Market values are provided for informational purposes only.





As of September 30, 2013

Dollar-Weighted Maturity  
% of Portfolio Invested Beyond 1 Year  
Expense Ratio

Standard & Poor's Current Rating  
Net Asset Value Per Share

Current 7-Day Yield<sup>(1)</sup>  
Monthly Distribution Yield<sup>(2)</sup>  
Effective Annual Yield for the Month<sup>(3)</sup>  
Total Number of Pool Investors

Average Invested Balance During the Month

TexasDAILY

49.4 days

0.00%

0.08%

AAAm

\$1.00

0.04%

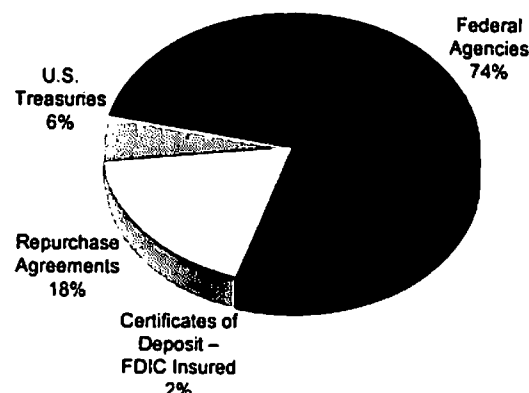
0.05%

0.05%

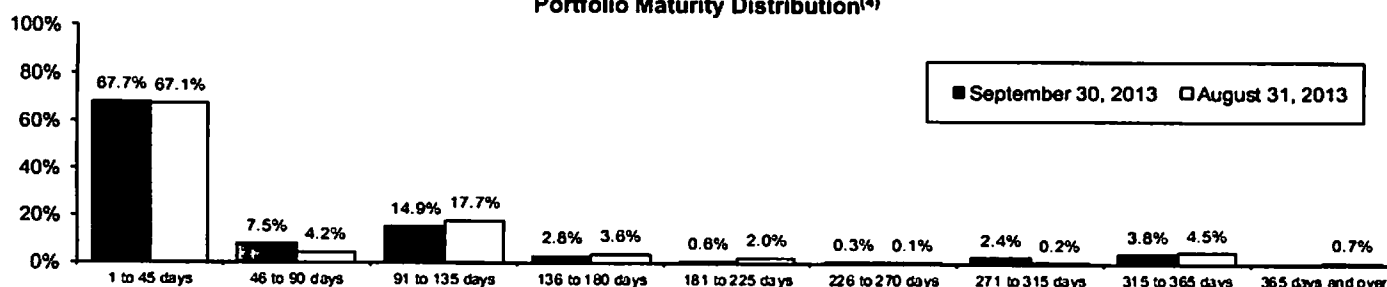
137

\$789,318,721.92

Portfolio Composition

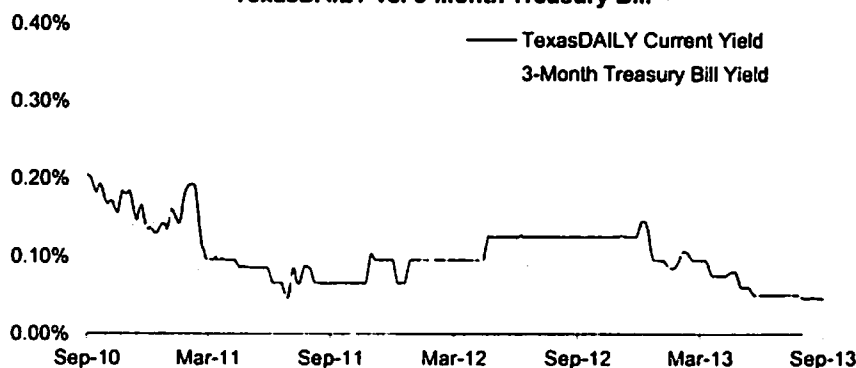


Portfolio Maturity Distribution<sup>(4)</sup>



TexasDAILY vs. 3-Month Treasury Bill<sup>(6)</sup>

	Monthly Distribution Yield <sup>(2)(5)</sup>	Effective Annual Yield <sup>(3)(5)</sup>
September 2013	0.05%	0.05%
August 2013	0.05%	0.05%
July 2013	0.05%	0.05%
June 2013	0.05%	0.05%
May 2013	0.08%	0.08%
April 2013	0.08%	0.08%
March 2013	0.10%	0.10%
February 2013	0.10%	0.10%
January 2013	0.12%	0.12%



Net Assets as of September 30, 2013\*\*\*

	Book Value	Market Value
Investments	\$ 766,711,611.16	\$ 766,792,196.83
Receivable for Securities Sold	0.00	0.00
Accrued Interest	556,453.36	556,453.36
Cash	242,308.76	242,308.76
Program Expenses Payable	(95,199.13)	(95,199.13)
Payable for Securities Purchased	0.00	0.00
Net Assets	\$ 767,415,174.15	\$ 767,495,759.82

(1) The current seven-day yield, which is also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

(2) The monthly distribution yield represents the sum of a month's current allocation factors divided by the number of calendar days in that month, and multiplied by 365.

(3) The "effective annual yield" of TexasDAILY reflects the value of compounding and represents the annualization of the monthly distribution yield with all dividends reinvested. The effective annual yield is computed by dividing the monthly distribution yield for a monthly calendar period by 12, adding one and raising the sum to the power of 12, and subtracting one from the result.

(4) Floating rate obligations are shown to the next reset date. All other securities are shown to their final maturity date. Percentages may not add up to 100% due to rounding.

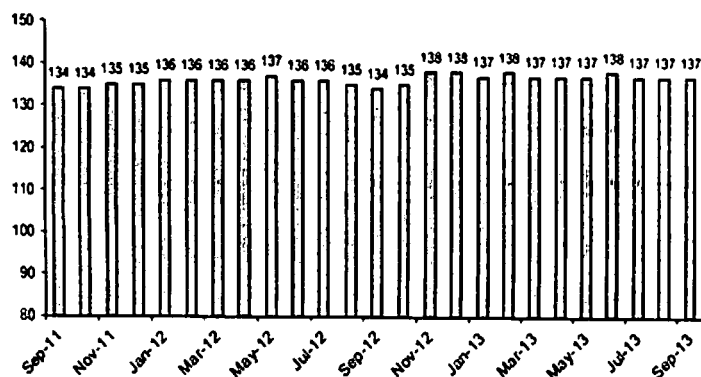
Past performance is no guarantee of future results and yields may vary.

(5) The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Fund. Fund yields would be lower if there were no such waivers.

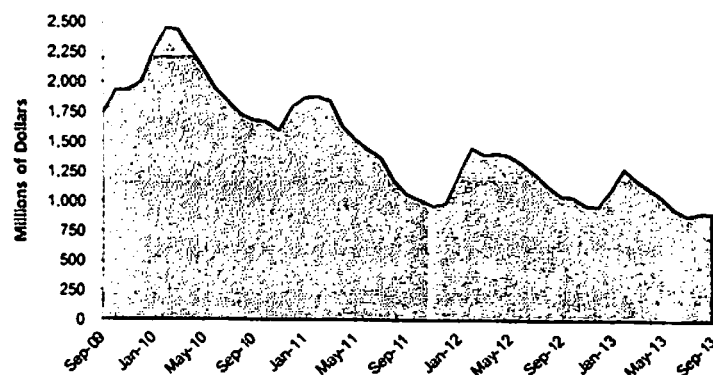
(6) Source: Bloomberg

\*\*\* The financial statements above are prepared on an amortized cost basis. Market values are provided for informational purposes only.

**TexasTERM/DAILY Participation**



**TexasTERM/DAILY Average Net Assets**



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