



# Monthly Newsletter: February 2019

## ANNOUNCEMENTS

### We welcome the following entities who joined TexPool in January 2019:

#### TexPool

City of Hallsville  
 City of Levelland Community Development Corporation  
 City of Levelland Economic Development Corporation  
 West Harris County MUD 6  
 Hays County Development District No. 1  
 Harris County MUD 286  
 City of Karnes City

#### TexPool Prime

City of Oak Ridge North  
 City of Levelland Community Development Corporation  
 City of Levelland Economic Development Corporation  
 West Harris County MUD 6  
 Waller Economic Development Corporation  
 City of Ingleside  
 City of Karnes City  
 Anderson Mill Limited District

### Upcoming Events

Feb 25, 2019 - Feb 27, 2019,  
 San Antonio  
 GTOT Winter Seminar  
 Mar 5, 2019 - Mar 6, 2019,  
 San Antonio  
 TASBO Annual 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: Powell's puzzle

February 1, 2019

Federal Reserve Chair Jerome Powell may come to regret holding a press conference after each policy-setting meeting. He has already shown a tendency to muddy the waters. In November 2018, he backed away from hawkish remarks he made in October, but that was not followed by an expected dovish December Federal Open Market Committee (FOMC) statement. So, it probably would have been wise for Powell to let policy statement do the talking in the January FOMC meeting.

In the presser, he said, "My colleagues and I have one overarching goal to sustain the economic expansion." This was curious, as the Fed actually has a dual mandate to achieve maximum employment and stable inflation. It might seem like nitpicking; but there is a real difference between working with concepts that are at least somewhat quantifiable and having a vague goal.

While the U.S. economy likely has peaked, inflation isn't a problem at present and a weakening global economy looms. It would have been better for Powell to comply with the statement's emphasis on being "patient" and not comment until Fed projections are out in March. Equally helpful would have been waiting for the raft of data delayed due to the government shutdown, including the important fourth-quarter 2018 gross domestic product (GDP) growth figure. Instead he remarked, "The case for raising rates has

*(continued page 6)*

### Performance as of January 31, 2019

	TexPool	TexPool Prime
Current Invested Balance	\$23,255,465,311.54	\$6,892,185,841.10
Weighted Average Maturity**	23	24
Weighted Average Life**	70	53
Net Asset Value	0.99995	1.00009
Total Number of Participants	2527	368
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$43,088,187.06	\$14,024,638.84
Management Fee Collected	\$771,436.29	\$316,842.65
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$21,246,409,291.16	\$6,343,576,780.09
Average Monthly Rate*	2.39%	2.61%
Average Weighted Average Maturity**	22	28
Average Weighted Average Life**	71	58

\*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.

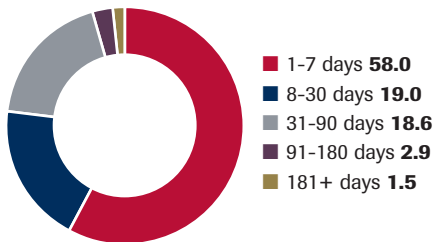
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



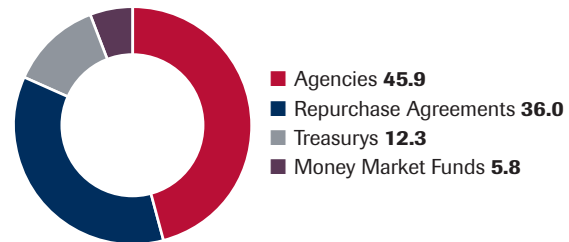
## Portfolio by Maturity (%)

As of January 31, 2019



## Portfolio by Type of Investment (%)

As of January 31, 2019



### Portfolio Asset Summary as of January 31, 2019

	Book Value	Market Value
Uninvested Balance	\$51,389,369.46	\$51,389,369.46
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	18,976,936.94	18,976,936.94
Interest and Management Fees Payable	-43,088,571.13	-43,088,571.13
Payable for Investments Purchased	-1,292,605,160.60	-1,292,605,160.60
Accrued Expenses & Taxes	-27,883.78	-27,883.78
Repurchase Agreements	8,824,296,000.00	8,824,296,000.00
Mutual Fund Investments	1,411,329,000.00	1,411,329,000.00
Government Securities	11,253,710,337.64	11,252,694,970.84
U.S. Treasury Inflation Protected Securities	614,118,548.49	614,090,421.76
US Treasury Bills	1,898,004,124.50	1,897,858,889.82
US Treasury Notes	519,362,610.02	519,423,643.02
<b>Total</b>	<b>\$23,255,465,311.54</b>	<b>\$23,254,337,616.32</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	591	\$8,174,642,704.82
Higher Education	58	\$1,090,912,312.09
Healthcare	83	\$948,555,527.86
Utility District	801	\$2,855,287,526.23
City	467	\$5,495,050,315.69
County	186	\$2,447,663,108.95
Other	341	\$2,247,202,432.62

#### \*\*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

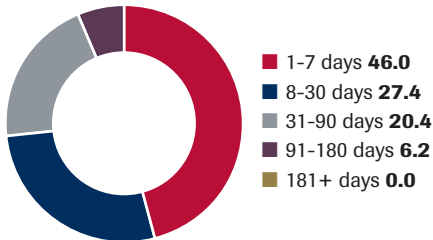
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
1/1	2.5304%	0.000069327	\$19,425,767,971.81	0.99994	21	78
1/2	2.5141%	0.000068880	\$19,876,116,135.24	0.99993	20	75
1/3	2.4881%	0.000068168	\$20,025,001,196.65	0.99994	21	74
1/4	2.3622%	0.000064718	\$20,132,175,291.69	0.99993	24	77
1/5	2.3622%	0.000064718	\$20,132,175,291.69	0.99993	24	77
1/6	2.3622%	0.000064718	\$20,132,175,291.69	0.99993	24	77
1/7	2.3113%	0.000063324	\$20,376,214,874.00	0.99993	22	72
1/8	2.3715%	0.000064973	\$20,350,667,991.80	0.99993	23	75
1/9	2.3880%	0.000065425	\$20,395,380,539.12	0.99993	23	75
1/10	2.3821%	0.000065264	\$20,472,593,046.90	0.99993	24	74
1/11	2.3708%	0.000064953	\$20,867,853,346.33	0.99993	24	73
1/12	2.3708%	0.000064953	\$20,867,853,346.33	0.99993	24	73
1/13	2.3708%	0.000064953	\$20,867,853,346.33	0.99993	24	73
1/14	2.3711%	0.000064962	\$20,892,742,857.16	0.99994	22	70
1/15	2.3799%	0.000065202	\$21,106,984,438.50	0.99994	22	70
1/16	2.3790%	0.000065179	\$21,300,966,432.16	0.99994	23	69
1/17	2.3744%	0.000065051	\$21,424,961,788.29	0.99995	22	68
1/18	2.3748%	0.000065063	\$21,539,950,825.69	0.99995	23	69
1/19	2.3748%	0.000065063	\$21,539,950,825.69	0.99995	23	69
1/20	2.3748%	0.000065063	\$21,539,950,825.69	0.99995	23	69
1/21	2.3748%	0.000065063	\$21,539,950,825.69	0.99995	23	69
1/22	2.3764%	0.000065108	\$21,760,008,650.22	0.99995	21	67
1/23	2.3857%	0.000065362	\$21,848,339,680.92	0.99995	22	68
1/24	2.3885%	0.000065438	\$22,022,577,536.74	0.99995	21	67
1/25	2.3858%	0.000065365	\$22,215,093,321.52	0.99995	21	67
1/26	2.3858%	0.000065365	\$22,215,093,321.52	0.99995	21	67
1/27	2.3858%	0.000065365	\$22,215,093,321.52	0.99995	21	67
1/28	2.3790%	0.000065178	\$22,502,456,914.95	0.99995	22	66
1/29	2.3711%	0.000064961	\$22,792,183,392.95	0.99995	23	66
1/30	2.3839%	0.000065312	\$23,005,090,085.59	0.99995	22	69
1/31	2.4356%	0.000066730	\$23,255,465,311.54	0.99995	23	70
<b>Average:</b>	<b>2.3892%</b>	<b>0.000065458</b>	<b>\$21,246,409,291.16</b>	<b>.99994</b>	<b>22</b>	<b>71</b>



## TEXPOOL PRIME

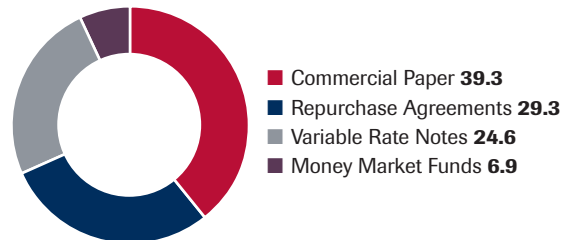
### Portfolio by Maturity (%)

As of January 31, 2019



### Portfolio by Type of Investment (%)

As of January 31, 2019



### Portfolio Asset Summary as of January 31, 2019

	Book Value	Market Value
Uninvested Balance	\$1,003.61	\$1,003.61
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	3,890,770.24	3,890,770.24
Interest and Management Fees Payable	-14,030,439.90	-14,030,439.90
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-11,200.96	-11,200.96
Repurchase Agreements	2,022,562,000.00	2,022,562,000.00
Commercial Paper	2,712,679,571.83	2,712,918,590.55
Bank Instruments	0.00	0.00
Mutual Fund Investments	472,097,499.35	472,052,003.75
Government Securities	0.00	0.00
Variable Rate Notes	1,694,996,636.93	1,695,390,082.31
<b>Total</b>	<b>\$6,892,185,841.10</b>	<b>\$6,892,772,809.60</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	119	\$3,045,211,507.00
Higher Education	17	\$570,054,665.37
Healthcare	15	\$339,175,603.17
Utility District	34	\$314,693,528.63
City	74	\$1,214,506,206.09
County	38	\$620,193,385.81
Other	71	\$708,340,758.57



## TEXPOOL *PRIME*

### Daily Summary

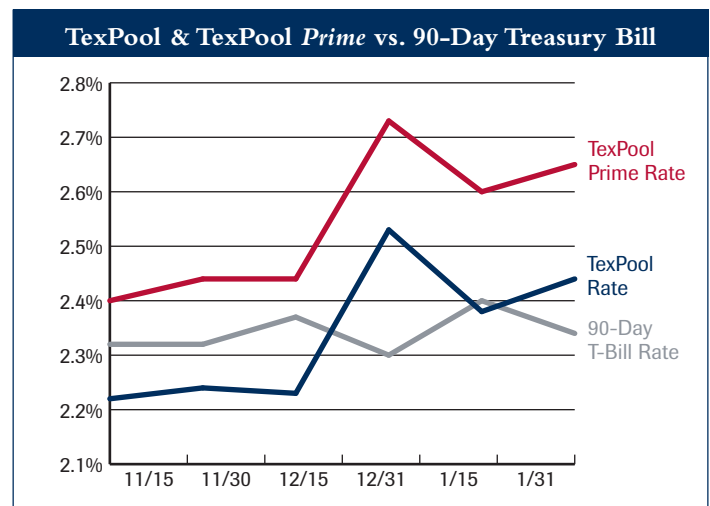
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
1/1	2.7297%	0.000074787	\$5,502,626,706.06	0.99990	28	53
1/2	2.7291%	0.000074769	\$5,565,593,833.53	0.99991	28	52
1/3	2.6554%	0.000072751	\$5,603,355,860.56	0.99991	28	52
1/4	2.5858%	0.000070843	\$5,642,333,671.55	0.99987	30	58
1/5	2.5858%	0.000070843	\$5,642,333,671.55	0.99987	30	58
1/6	2.5858%	0.000070843	\$5,642,333,671.55	0.99987	30	58
1/7	2.5443%	0.000069706	\$5,987,075,633.00	0.99993	27	54
1/8	2.5815%	0.000070725	\$6,060,478,822.97	0.99993	29	54
1/9	2.5952%	0.000071101	\$6,134,342,912.60	0.99994	30	62
1/10	2.5939%	0.000071066	\$6,120,086,997.37	0.99994	30	62
1/11	2.6137%	0.000071608	\$6,235,153,687.58	0.99989	31	63
1/12	2.6137%	0.000071608	\$6,235,153,687.58	0.99989	31	63
1/13	2.6137%	0.000071608	\$6,235,153,687.58	0.99989	31	63
1/14	2.5919%	0.000071011	\$6,343,696,268.81	0.99996	29	61
1/15	2.6033%	0.000071323	\$6,360,983,953.73	0.99997	29	62
1/16	2.5963%	0.000071131	\$6,407,984,251.08	1.00000	29	62
1/17	2.5936%	0.000071057	\$6,508,446,785.58	1.00000	29	62
1/18	2.5958%	0.000071118	\$6,542,123,723.08	0.99992	30	62
1/19	2.5958%	0.000071118	\$6,542,123,723.08	0.99992	30	62
1/20	2.5958%	0.000071118	\$6,542,123,723.08	0.99992	30	62
1/21	2.5958%	0.000071118	\$6,542,123,723.08	0.99992	30	62
1/22	2.5961%	0.000071125	\$6,663,926,971.00	1.00004	27	58
1/23	2.5956%	0.000071112	\$6,732,618,040.45	1.00004	26	57
1/24	2.6014%	0.000071272	\$6,816,735,379.94	1.00003	27	57
1/25	2.6012%	0.000071266	\$6,817,197,453.75	0.99998	27	57
1/26	2.6012%	0.000071266	\$6,817,197,453.75	0.99998	27	57
1/27	2.6012%	0.000071266	\$6,817,197,453.75	0.99998	27	57
1/28	2.5888%	0.000070926	\$6,911,625,206.46	1.00005	24	54
1/29	2.5880%	0.000070903	\$6,986,220,831.67	1.00005	25	54
1/30	2.5910%	0.000070986	\$6,800,346,555.97	1.00007	25	55
1/31	2.6463%	0.000072502	\$6,892,185,841.10	1.00009	24	53
<b>Average:</b>	<b>2.6067%</b>	<b>0.000071415</b>	<b>\$6,343,576,780.09</b>	<b>.99996</b>	<b>28</b>	<b>58</b>



Participant Services  
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weakened somewhat.” Lastly, in speaking rather than relying on the statement’s Fed speak, Powell risked looking like he was responding to market, or even a president’s, desire.

The markets certainly approved of the Fed’s unanimous decision to keep rates in the range of 2.25%-2.5% and consider altering the pace of the balance sheet runoff, not to mention it explicitly noted it would pay attention to financial and international developments. We still expect two rate hikes this year, but will wait until the dot plot and other Fed materials are released in March to reevaluate the situation. The FOMC has four new voters this year who have shown themselves to be on the hawkish side. Inflows into liquidity products continued across the industry in January, but the amount lessened as volatility fell. One-, 3- and 6-month London interbank offered rates (Libor) slightly fell over January, ending at 2.51%, 2.74% and 2.81%, respectively. The weighted average maturity (WAM) of TexPool in January was 22 days, while that of TexPool Prime was 28 days.



*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.*