



Texas Cooperative Liquid Assets Securities System Trust



# Annual Report

JUNE 30, 2019  
(REPORT OF INDEPENDENT AUDITORS WITHIN)

Texas CLASS Rated AAA<sub>m</sub> by S&P Global Ratings  
Texas CLASS Government Rated AAA<sub>m</sub> by S&P Global Ratings

S&P Global Ratings in no way guarantee favorable performance results and should not be construed as safety in an investment.



## Chairman's Letter

June 30, 2019

To the Participants of Texas CLASS:

On behalf of the eleven members of the Texas CLASS Board of Trustees and Advisory Board as well as Public Trust Advisors, LLC (Public Trust), our pool administrator and investment advisor, we are pleased to present the audited financials for the period ending June 30, 2019.

The Texas CLASS Audited Financial Statements offer us an opportunity to reflect on the past year of operations as we close the 2018/2019 fiscal year. Through the end of 2018, the U.S. economy continued to gain momentum, and the Federal Reserve target rate increased to a target range of 2.25% - 2.50%. The increase in short-term yields resulted in the combined Texas CLASS assets under management growing year-over-year by more than \$2.7 billion, representing a 36% increase since June 30, 2018. Furthermore, 108 new Participants joined Texas CLASS during the year, bringing the total number of fund Participants to 761. Texas CLASS remains committed to providing its Participants with an exceptional investment experience designed to maximize the safety of the public's funds while providing daily liquidity, competitive earnings, transparency, and exceptional customer service.

**Safety:** The safety of the public's funds under our management will always be our top priority. As such, several Texas CLASS marketing initiatives in the past year focused on providing Participants with the information necessary to ensure the ongoing security of their accounts. If you missed any of these important newsletters, they are available on the [Texas CLASS website](#).

**Liquidity:** With age comes experience. As Texas CLASS nears 25 years of operations, the investment and administrative teams at Public Trust have a well-developed understanding of the cash flow cycles related to the various participating entity types. This knowledge allows the teams to customize the portfolios to maximize yields without compromising Participant access to daily liquidity. During the fiscal year, Texas CLASS and Texas CLASS Government Participants requested just over 10,000 withdrawals totaling nearly \$11.6 billion. With average daily yields of 2.46% for Texas CLASS and 2.27% for Texas CLASS Government, the two pools accumulated an equally as impressive grand total of over \$222 million in interest to Participants between July 1, 2018, and June 30, 2019!

**Involvement:** The Texas CLASS team knows the importance of strong customer relations. To that end, our relationship team makes significant efforts to work alongside the Participants who put their trust in us each day. Whether it be at an educational seminar on public funds, a regional event, or at one of the dozens of conferences and events our staff attends each year, please know that we are always available to you.

It is a pleasure and an honor to represent the Texas CLASS Board of Trustees. The Board and its Advisory Board are devoted to providing our Participants with transparent oversight, meeting regularly to monitor the funds and operations on your behalf. Each year reminds us that the Texas CLASS Participants are in fact our greatest asset.

Our sincerest thanks for your continued participation and commitment to Texas CLASS.

Respectfully,



Steve Williams

Chairman, Texas CLASS Board of Trustees



## Independent Auditors' Report



CliftonLarsonAllen LLP  
CLAconnect.com

Board of Trustees  
Texas Cooperative Liquid Assets Securities System Trust  
C/O Public Trust Advisors  
Denver, Colorado

We have audited the accompanying financial statements of Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS), which comprise the statement of net assets as of June 30, 2019, the statement of operations for the year then ended, the related statements of changes in net assets for the years ended June 30, 2019 and 2018, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas CLASS as of June 30, 2019, the results of its operations for the year then ended, and the changes in its net assets for the years ended June 30, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Chairman's letter, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Denver, Colorado  
August 30, 2019

# STATEMENT OF NET ASSETS – JUNE 30, 2019

## INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Overnight Repurchase Agreements (1%, 27%, respectively)*						
Bank of America/Merrill Lynch Agency Tri-Party (0%, 3% respectively)* (Collateralized by a U.S. Government Treasury Security with a coupon rate of 2.625% and maturing on 02/28/2023.) Market value plus accrued interest: \$20,934,635	\$20,524,146	2.49%	7/1/19	2.49%	\$ -	\$20,524,146
Bank of America/Merrill Lynch Mortgage Tri-Party (0%, 7% respectively)* (Collateralized by a U.S. Government Mortgage Security with a coupon rate of 3.00% and maturing on 11/20/2046.) Market value plus accrued interest: \$47,326,553	46,398,581	2.50	7/1/19	2.50	-	46,398,581
Credit Agricole Tri-Party (0%, 8% respectively)* (Collateralized by U.S. Government Mortgage Securities with coupon rates between 3.00% and 4.50% and maturing between 11/01/2046 and 10/01/2048.) Market value plus accrued interest: \$51,010,540	50,000,000	2.48	7/1/19	2.48	-	50,000,000
RBC Tri-Party (0%, 9% respectively) (Collateralized by U.S. Government Mortgage Securities with coupon rates between 3.00% and 4.50% and maturing between 09/01/2042 and 01/01/2057.) Market value plus accrued interest: \$59,564,502	58,396,570	2.38	7/1/19	2.38	-	58,396,570
RBC Tri-Party (0%, 0% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 3.50% and 4.50% and maturing between 10/01/2028 and 04/01/2049.) Market value plus accrued interest: \$3,047,564	2,987,808	2.38	7/1/19	2.38	2,987,808	-
Bank of America/Merrill Lynch Tri-Party (0%, 0% respectively)* (Collateralized by a U.S. Government Mortgage Security with a coupon rate of 4.50% and maturing on 02/20/2047.) Market value plus accrued interest: \$15,937,092	15,624,600	2.50	7/1/19	2.50	15,624,600	-
JP Morgan Tri-Party (1%, 0% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 2.50% and 7.50% and maturing between 01/01/2025 and 01/01/2049.) Market value plus accrued interest: \$76,500,000	75,000,000	2.40	7/1/19	2.40	75,000,000	-

\* Denotes percentage of net assets

The accompanying notes are an integral part of these financial statements

## STATEMENT OF NET ASSETS – JUNE 30, 2019

### INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Wells Fargo Tri-Party (0%, 0% respectively)* (Collateralized by a U.S. Government Agency Security with a coupon rate of 4.00% and maturing on 11/01/2043.) Market value plus accrued interest (net of payable to custodian bank for Texas CLASS Government): \$12,231,921	\$14,433,047	1.30%	7/1/19	1.30%	\$14,433,047	\$ -
Cost of (\$108,045,455, \$175,319,297 respectively)					<u>108,045,455</u>	<u>175,319,297</u>
U.S. Government Treasury Securities (4%, 54% respectively)*						
Treasury Notes/Bonds (1%, 7% respectively)*						
Treasury Notes/Bonds	5,000,000	2.16 - Var.	7/31/19	2.16	-	4,999,809
Treasury Notes/Bonds	10,000,000	1.75	9/30/19	1.75	-	9,989,844
Treasury Notes/Bonds	7,000,000	2.14 - Var.	10/31/19	2.14	-	6,998,856
Treasury Notes/Bonds	5,000,000	2.10 - Var.	1/31/20	2.10	-	4,997,426
Treasury Notes/Bonds	8,000,000	2.13 - Var.	4/30/20	2.13	-	7,994,574
Treasury Notes/Bonds	10,000,000	2.21 - Var.	1/31/21	2.21	-	9,988,771
Treasury Notes/Bonds	50,000,000	2.14 - Var.	7/31/20	2.14	49,945,985	-
Treasury Notes/Bonds	50,000,000	2.21 - Var.	1/31/21	2.21	49,943,855	-
Treasury Bills (3%, 47% respectively)*						
Treasury Bills	11,000,000	Disc**	7/2/19	2.51	-	10,997,630
Treasury Bills	23,000,000	Disc**	7/5/19	2.48	-	22,991,239
Treasury Bills	10,000,000	Disc**	7/11/19	2.53	-	9,992,939
Treasury Bills	15,000,000	Disc**	7/18/19	2.51	-	14,983,508
Treasury Bills	10,000,000	Disc**	7/25/19	2.51	-	9,985,827
Treasury Bills	10,000,000	Disc**	8/1/19	2.52	-	9,981,111
Treasury Bills	10,000,000	Disc**	8/8/19	2.51	-	9,976,669
Treasury Bills	18,000,000	Disc**	8/15/19	2.52	-	17,950,383
Treasury Bills	10,000,000	Disc**	8/29/19	2.52	-	9,963,925
Treasury Bills	20,000,000	Disc**	9/5/19	2.53	-	19,919,308
Treasury Bills	10,000,000	Disc**	9/12/19	2.53	-	9,955,874
Treasury Bills	16,000,000	Disc**	9/19/19	2.53	-	15,923,024
Treasury Bills	15,000,000	Disc**	9/26/19	2.46	-	14,921,453
Treasury Bills	27,000,000	Disc**	10/10/19	2.50	-	26,840,147
Treasury Bills	10,000,000	Disc**	10/17/19	2.50	-	9,937,418
Treasury Bills	10,000,000	Disc**	10/31/19	2.51	-	9,929,951
Treasury Bills	10,000,000	Disc**	11/7/19	2.52	-	9,924,848
Treasury Bills	8,000,000	Disc**	11/29/19	2.53	-	7,929,896
Treasury Bills	10,000,000	Disc**	12/5/19	2.46	-	9,910,662
Treasury Bills	12,000,000	Disc**	12/19/19	2.67	-	11,882,266
Treasury Bills	10,000,000	Disc**	1/2/20	2.34	-	9,895,086
Treasury Bills	10,000,000	Disc**	2/27/20	2.43	-	9,869,372
Treasury Bills	10,000,000	Disc**	3/26/20	2.27	-	9,852,478
Treasury Bills	50,000,000	Disc**	10/3/19	2.49	-	49,721,300

\* Denotes percentage of net assets    \*\* Denotes securities purchased at a discount from par  
The accompanying notes are an integral part of these financial statements

# STATEMENT OF NET ASSETS – JUNE 30, 2019

## INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
- Treasury Bills	\$50,000,000	Disc**	11/29/19	2.52%	\$ 49,561,850	\$ -
Treasury Bills	50,000,000	Disc**	12/5/19	2.40	49,553,310	-
Treasury Bills	50,000,000	Disc**	1/2/20	2.45	49,475,430	-
Treasury Bills	50,000,000	Disc**	1/30/20	2.34	49,431,170	-
Treasury Bills	50,000,000	Disc**	3/26/20	2.01	49,262,390	-
Cost of (\$396,795,251, \$338,368,013 respectively)					<u>396,895,290</u>	<u>338,484,294</u>
U.S. Government Agency Securities						
(0%, 15% respectively)*						
Federal Home Loan Bank (0%, 7% respectively)*						
Federal Home Loan Bank	10,000,000	Disc**	8/21/19	2.54	-	9,966,400
Federal Home Loan Bank	15,000,000	Disc**	9/18/19	2.71	-	14,925,585
Federal Home Loan Bank	10,000,000	Disc**	11/29/19	2.52	-	9,907,600
Federal Home Loan Bank	7,000,000	Disc**	12/9/19	2.22	-	6,931,184
Federal Home Loan Mortgage Corp. (0%, 2% respectively)*						
Federal Home Loan Mortgage Corp.	10,000,000	Disc**	11/19/19	2.23	-	9,913,440
Federal Farm Credit Bank (0%, 6% respectively)*						
Federal Farm Credit Bank	5,000,000	2.31 - Var.	7/25/19	2.31	-	5,000,800
Federal Farm Credit Bank	10,000,000	2.31 - Var.	8/8/19	2.31	-	9,999,900
Federal Farm Credit Bank	5,000,000	2.15 - Var.	11/4/19	2.15	-	5,001,900
Federal Farm Credit Bank	10,000,000	Disc**	2/6/20	2.17	-	9,870,041
Federal Farm Credit Bank	10,000,000	2.35 - Var.	5/29/20	2.38	-	9,993,100
Cost of (\$0, \$91,531,398 respectively)					<u>-</u>	<u>91,509,950</u>
Certificates of Deposit						
(0%, 0% respectively)*						
CDARS-ICS	10,411,325	2.33	12/27/30	2.33	10,411,325	-
Cost of (\$10,411,325, \$0 respectively)*					<u>10,411,325</u>	<u>-</u>
Money Market Funds						
(1%, 4% respectively)*						
Federated Government Obligations Fund	1,107,635			2.28	-	1,107,635
State Street US Government Portfolio	24,746,430			2.30	-	24,746,430
RBC US Government	40,843,579			2.24	40,843,579	-
State Street US Government Portfolio	68,855,642			2.30	68,855,642	-
Cost of (\$109,699,221, \$25,854,065 respectively)					<u>109,699,221</u>	<u>25,854,065</u>
Commercial Paper (94%, 0% respectively)*						
DZ Bank AG	50,000,000	Disc**	7/1/19	2.64	49,990,125	-
Gotham Funding Corp.	60,000,000	Disc**	7/1/19	2.40	59,988,000	-
HSBC Bank PLC	50,000,000	2.63 - Var.	7/1/19	2.63	50,000,000	-
Societe Generale SA	80,000,000	Disc**	7/1/19	2.92	79,990,864	-

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# STATEMENT OF NET ASSETS – JUNE 30, 2019

## INVESTMENTS, AT VALUE

					Texas CLASS	Texas CLASS Government
	Principal Amount	Coupon Rate	Maturity	Effective Yield	Fair Value	Fair Value
Bennington Stark Capital Co.	\$50,000,000	Disc**	7/2/19	2.81%	\$49,986,445	\$ -
Collateralized Commercial Paper II Co.	50,000,000	Disc**	7/2/19	2.98	49,986,890	-
JP Morgan Securities	50,000,000	Disc**	7/2/19	2.98	49,986,890	-
Sumitomo Mitsui Banking	56,000,000	Disc**	7/2/19	2.68	55,984,074	-
Bedford Row Funding Corp.	50,000,000	2.74 - Var.	7/3/19	2.74	50,000,000	-
DBS Bank Ltd.	40,000,000	Disc**	7/3/19	2.63	39,986,888	-
Kells Funding LLC	100,000,000	Disc**	7/3/19	2.66	99,964,440	-
Ontario Teachers' Finance Trust	25,000,000	Disc**	7/3/19	2.85	24,990,348	-
Oversea-Chinese Banking Co. Ltd.	45,000,000	2.72 - Var.	7/3/19	2.72	45,000,000	-
PSP Capital Inc.	50,000,000	Disc**	7/3/19	2.62	49,982,360	-
Australia & New Zealand Banking Group Ltd.	50,000,000	2.71 - Var.	7/8/19	2.71	50,000,000	-
Australia & New Zealand Banking Group Ltd.	50,000,000	2.68 - Var.	7/8/19	2.68	50,000,000	-
DZ Bank AG	50,000,000	Disc**	7/8/19	2.62	49,967,500	-
JP Morgan Securities	150,000,000	Disc**	7/8/19	2.94	149,901,660	-
Lexington Parker Capital	17,000,000	Disc**	7/8/19	2.68	16,987,816	-
Collateralized Commercial Paper II Co.	100,000,000	Disc**	7/9/19	2.98	99,927,580	-
Lexington Parker Capital	25,000,000	Disc**	7/9/19	2.68	24,980,293	-
Ridgefield Funding Co. LLC	50,000,000	Disc**	7/9/19	2.68	49,960,585	-
Antalis SA	43,430,000	Disc**	7/10/19	2.85	43,395,256	-
Bennington Stark Capital Co.	50,000,000	Disc**	7/10/19	2.67	49,960,000	-
CDP Financial Inc.	40,000,000	Disc**	7/10/19	2.82	39,968,932	-
Halkin Finance LLC	40,000,000	Disc**	7/10/19	2.72	39,968,000	-
Old Line Funding LLC	25,000,000	2.71 - Var.	7/10/19	2.71	25,000,000	-
Ridgefield Funding Co. LLC	25,148,000	Disc**	7/10/19	2.69	25,126,373	-
Bedford Row Funding Corp.	50,000,000	2.52 - Var.	7/11/19	2.52	50,000,000	-
Concord Minuteman Cap Co.	50,000,000	Disc**	7/11/19	2.69	49,956,665	-
Kells Funding LLC	50,000,000	Disc**	7/11/19	2.65	49,957,750	-
Erste Abwicklungsanstalt	50,000,000	Disc**	7/12/19	2.66	49,954,890	-
Kells Funding LLC	50,000,000	Disc**	7/12/19	2.66	49,950,030	-
Ridgefield Funding Co. LLC	50,000,000	Disc**	7/12/19	2.67	49,953,335	-
Bedford Row Funding Corp.	25,000,000	Disc**	7/15/19	2.84	24,972,610	-
Old Line Funding LLC	40,000,000	Disc**	7/15/19	2.84	39,947,868	-
Liberty Street Funding LLC	34,900,000	Disc**	7/17/19	2.66	34,852,937	-
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	7/18/19	2.68	49,934,165	-
Royal Bank of Canada	50,000,000	2.58 - Var.	7/18/19	2.58	50,000,000	-
CDPPIB Capital Inc.	50,000,000	Disc**	7/19/19	2.65	49,932,915	-
Kells Funding LLC	50,000,000	Disc**	7/19/19	2.66	49,932,625	-
Mitsubishi UFJ Trust & Banking Corp.	59,000,000	Disc**	7/19/19	2.68	58,911,547	-
Oversea-Chinese Banking Co. Ltd.	50,000,000	Disc**	7/19/19	2.65	49,932,915	-
Bedford Row Funding Corp.	50,000,000	Disc**	7/22/19	2.81	49,923,335	-
CDP Financial Inc.	26,200,000	Disc**	7/22/19	2.86	26,151,444	-
Kells Funding LLC	75,000,000	Disc**	7/22/19	2.66	74,872,500	-
Atlantic Asset Securitization LLC	50,000,000	2.60 - Var.	7/23/19	2.60	50,000,000	-
Toronto Dominion Bank	50,000,000	Disc**	7/23/19	2.66	49,920,485	-
Albion Capital LLC	100,000,000	Disc**	7/25/19	2.70	99,820,750	-
DBS Bank Ltd.	50,000,000	Disc**	7/25/19	2.65	49,914,125	-

\*\* Denotes securities purchased at a discount from par

The accompanying notes are an integral part of these financial statements

# STATEMENT OF NET ASSETS – JUNE 30, 2019

## INVESTMENTS, AT VALUE

					Texas CLASS	Texas CLASS Government
	Principal Amount	Coupon Rate	Maturity	Effective Yield	Fair Value	Fair Value
Oversea-Chinese Banking Co. Ltd.	\$50,000,000	Disc**	7/25/19	2.65%	\$49,914,125	\$ -
DBS Bank Ltd.	50,000,000	Disc**	7/26/19	2.65	49,900,445	-
PSP Capital Inc.	50,000,000	Disc**	7/26/19	2.63	49,901,220	-
Bedford Row Funding Corp.	50,000,000	2.57 - Var.	7/29/19	2.60	50,000,000	-
Dexia Credit Local SA NY	50,000,000	2.52 - Var.	7/29/19	2.52	50,000,000	-
Kells Funding LLC	25,000,000	Disc**	7/29/19	2.66	24,950,703	-
NRW. Bank	50,000,000	Disc**	7/29/19	2.65	49,901,835	-
Royal Bank of Canada	50,000,000	2.54 - Var.	7/31/19	2.58	50,000,000	-
DBS Bank Ltd.	50,000,000	Disc**	8/1/19	2.66	49,892,805	-
Halkin Finance LLC	40,000,000	Disc**	8/1/19	2.71	39,909,712	-
Kells Funding LLC	40,000,000	Disc**	8/1/19	2.67	39,913,488	-
MUFG Bank Ltd.	100,000,000	Disc**	8/1/19	2.69	99,776,170	-
NRW. Bank	50,000,000	Disc**	8/1/19	2.65	49,892,805	-
Concord Minuteman Cap Co.	40,000,000	2.65	8/2/19	2.65	39,999,364	-
Erste Abwicklungsanstalt	50,000,000	Disc**	8/2/19	2.64	49,889,655	-
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	8/2/19	2.67	49,885,280	-
Societe Generale SA	56,400,000	Disc**	8/2/19	2.67	56,259,079	-
Crown Point Capital Co.	50,000,000	2.63 - Var.	8/5/19	2.63	50,000,000	-
Fairway Finance Corp.	25,000,000	2.55 - Var.	8/5/19	2.55	25,000,000	-
Jupiter Securitization Co.	50,000,000	Disc**	8/5/19	2.83	49,874,390	-
Lexington Parker Capital	25,000,000	Disc**	8/5/19	2.68	24,937,195	-
NRW. Bank	75,000,000	Disc**	8/5/19	2.66	74,821,080	-
Toyota Motor Credit Corp.	100,000,000	2.50 - Var.	8/5/19	2.50	100,000,000	-
Caisse des Depot et Consignations	75,000,000	Disc**	8/6/19	2.66	74,816,378	-
Crown Point Capital Co.	45,000,000	2.62 - Var.	8/6/19	2.62	45,000,000	-
HSBC Bank PLC	100,000,000	2.58 - Var.	8/6/19	2.58	100,000,000	-
Nieuw Amsterdam Rec. Corp.	75,000,000	Disc**	8/6/19	2.85	74,806,628	-
Jupiter Securitization Co.	50,000,000	Disc**	8/7/19	2.68	49,867,780	-
Oversea-Chinese Banking Co. Ltd.	100,000,000	2.52 - Var.	8/8/19	2.52	100,000,000	-
Chariot Funding LLC	75,000,000	Disc**	8/9/19	2.67	74,791,748	-
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	8/9/19	2.71	49,862,335	-
Thunder Bay Funding LLC	50,000,000	2.55 - Var.	8/9/19	2.55	50,000,000	-
Toronto Dominion Bank	50,000,000	Disc**	8/9/19	2.66	49,868,750	-
Commonwealth Bank of Australia	50,000,000	2.51 - Var.	8/13/19	2.51	50,000,000	-
Oversea-Chinese Banking Co. Ltd.	50,000,000	2.54 - Var.	8/13/19	2.54	50,000,000	-
Bedford Row Funding Corp.	50,000,000	2.56 - Var.	8/14/19	2.56	50,000,000	-
Toronto Dominion Bank	50,000,000	Disc**	8/14/19	2.64	49,853,780	-
Atlantic Asset Securitization LLC	50,000,000	Disc**	8/16/19	2.71	49,838,710	-
Jupiter Securitization Co.	50,000,000	2.64 - Var.	8/16/19	2.64	50,000,000	-
Atlantic Asset Securitization LLC	20,000,000	Disc**	8/19/19	2.70	19,931,822	-
LMA Americas LLC	58,000,000	Disc**	8/19/19	2.70	57,782,175	-
Antalis SA	50,000,000	Disc**	8/20/19	2.73	49,826,280	-
Crown Point Capital Co.	50,000,000	2.58 - Var.	8/20/19	2.58	50,000,000	-
Old Line Funding LLC	50,000,000	2.54 - Var.	8/20/19	2.54	50,000,000	-
Commonwealth Bank of Australia	50,000,000	2.48 - Var.	8/21/19	2.48	50,000,000	-
Atlantic Asset Securitization LLC	43,212,000	Disc**	8/23/19	2.70	43,053,364	-

\*\* Denotes securities purchased at a discount from par  
The accompanying notes are an integral part of these financial statements



# STATEMENT OF NET ASSETS – JUNE 30, 2019

## INVESTMENTS, AT VALUE

					Texas CLASS	Texas CLASS Government
	Principal Amount	Coupon Rate	Maturity	Effective Yield	Fair Value	Fair Value
Sumitomo Mitsui Banking	\$50,000,000	Disc**	9/3/19	2.68%	\$49,762,710	\$ -
Chariot Funding LLC	50,000,000	2.59 - Var.	9/4/19	2.59	50,000,000	-
Collateralized Commercial Paper Co.	35,000,000	2.56 - Var.	9/4/19	2.56	35,000,000	-
BPCE SA	40,000,000	Disc**	9/5/19	2.69	39,822,132	-
CDP Financial Inc.	75,000,000	Disc**	9/5/19	2.64	74,682,315	-
Collateralized Commercial Paper Co.	40,000,000	2.57 - Var.	9/5/19	2.57	40,000,000	-
Oversea-Chinese Banking Co. Ltd.	50,000,000	2.52 - Var.	9/9/19	2.52	50,000,000	-
Chariot Funding LLC	50,000,000	2.53 - Var.	9/10/19	2.53	50,000,000	-
Oversea-Chinese Banking Co. Ltd.	25,000,000	2.52 - Var.	9/10/19	2.52	25,000,000	-
Sumitomo Mitsui Banking	50,000,000	Disc**	9/10/19	2.88	49,754,360	-
Toyota Motor Credit Corp.	50,000,000	2.50 - Var.	9/10/19	2.50	50,000,000	-
Collateralized Commercial Paper Co.	35,000,000	2.54 - Var.	9/11/19	2.54	35,000,000	-
DNB Bank ASA	50,000,000	Disc**	9/11/19	2.69	49,754,165	-
BNP Paribas Fortis	88,220,000	Disc**	9/12/19	2.69	87,791,639	-
Toyota Motor Credit Corp.	50,000,000	2.49 - Var.	9/13/19	2.49	50,000,000	-
Crown Point Capital Co.	50,000,000	2.42	9/16/19	2.42	49,999,750	-
Concord Minuteman Cap Co.	75,000,000	2.59	9/18/19	2.59	74,998,830	-
La Fayette Asset Securitization LLC	30,000,000	Disc**	9/20/19	2.69	29,825,001	-
Westpac Banking Corp.	50,000,000	Disc**	9/20/19	2.67	49,743,335	-
Bedford Row Funding Corp.	51,500,000	Disc**	9/23/19	2.67	51,218,722	-
Collateralized Commercial Paper Co.	50,000,000	2.55 - Var.	9/23/19	2.55	50,000,000	-
Old Line Funding LLC	50,000,000	Disc**	9/23/19	2.68	49,689,460	-
BPCE SA	50,000,000	Disc**	10/1/19	2.70	49,701,805	-
LMA Americas LLC	100,000,000	Disc**	10/2/19	2.73	99,304,000	-
HSBC Bank PLC	100,000,000	2.55 - Var.	10/3/19	2.55	99,990,000	-
Sumitomo Mitsui Banking	37,150,000	Disc**	10/3/19	2.68	36,923,779	-
Oversea-Chinese Banking Co. Ltd.	75,000,000	2.54 - Var.	10/4/19	2.54	75,000,000	-
Mitsubishi UFJ Trust & Banking Corp.	50,000,000	Disc**	10/7/19	2.71	49,684,375	-
Old Line Funding LLC	50,000,000	Disc**	10/7/19	2.71	49,656,320	-
Old Line Funding LLC	50,000,000	2.55 - Var.	10/7/19	2.55	50,000,000	-
Anglesea Funding LLC	50,000,000	2.64 - Var.	10/9/19	2.64	50,000,000	-
Barton Capital SA	50,000,000	Disc**	10/9/19	2.84	49,663,820	-
LMA Americas LLC	50,000,000	Disc**	10/9/19	2.73	49,626,625	-
Thunder Bay Funding LLC	50,000,000	2.52 - Var.	10/10/19	2.52	50,000,000	-
DBS Bank Ltd.	50,000,000	Disc**	10/11/19	2.67	49,682,085	-
Anglesea Funding LLC	50,000,000	2.60 - Var.	10/15/19	2.60	49,995,000	-
Nordea Bank AB	40,000,000	Disc**	10/15/19	2.67	39,737,188	-
Starbird Funding Corp.	95,000,000	Disc**	10/15/19	2.71	94,341,308	-
Eli Lilly & Co.	40,000,000	Disc**	10/16/19	2.67	39,734,776	-
Ridgefield Funding Co. LLC	50,000,000	2.54 - Var.	10/16/19	2.54	50,000,000	-
Ontario Teachers' Finance Trust	42,600,000	Disc**	10/22/19	2.68	42,302,132	-
Collateralized Commercial Paper Co.	50,000,000	2.53 - Var.	10/25/19	2.53	50,000,000	-
Anglesea Funding LLC	50,000,000	2.66 - Var.	10/28/19	2.66	49,995,000	-
Ridgefield Funding Co. LLC	130,000,000	2.58 - Var.	11/1/19	2.58	129,987,000	-
DNB Bank ASA	50,000,000	2.54 - Var.	11/4/19	2.54	50,000,000	-
Mitsubishi UFJ Trust & Banking Corp.	100,000,000	Disc**	11/4/19	2.73	99,211,670	-
Toronto Dominion Bank	50,000,000	2.54 - Var.	11/4/19	2.54	50,000,000	-

\*\* Denotes securities purchased at a discount from par

The accompanying notes are an integral part of these financial statements

# STATEMENT OF NET ASSETS – JUNE 30, 2019

## INVESTMENTS, AT VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
CDP Financial Inc.	\$ 75,000,000	Disc**	11/5/19	2.67%	\$ 74,417,708	\$ -
DNB Bank ASA	100,000,000	2.53 - Var.	11/5/19	2.53	100,000,000	-
Old Line Funding LLC	40,000,000	2.56 - Var.	11/5/19	2.56	40,000,000	-
ING Funding LLC	50,000,000	2.51 - Var.	11/8/19	2.51	49,995,000	-
Nordea Bank AB	50,000,000	Disc**	11/8/19	2.69	49,602,845	-
Thunder Bay Funding LLC	40,000,000	Disc**	11/15/19	2.67	39,667,112	-
BPCE SA	50,000,000	Disc**	11/19/19	2.65	49,566,000	-
Nordea Bank AB	50,000,000	Disc**	11/21/19	2.68	49,568,085	-
DNB Bank ASA	75,000,000	Disc**	11/27/19	2.71	74,281,170	-
Atlantic Asset Securitization LLC	18,063,000	Disc**	12/2/19	2.67	17,874,728	-
Erste Abwicklungsanstalt	50,000,000	Disc**	12/3/19	2.67	49,536,970	-
DNB Bank ASA	80,000,000	Disc**	12/6/19	2.56	79,245,088	-
Anglesea Funding LLC	50,000,000	2.58 - Var.	12/18/19	2.58	49,995,000	-
Toyota Motor Credit Corp.	50,000,000	2.58 - Var.	12/23/19	2.58	50,000,000	-
Toyota Motor Credit Corp.	50,000,000	2.59 - Var.	12/23/19	2.59	50,000,000	-
Toyota Motor Credit Corp.	100,000,000	2.59 - Var.	1/24/20	2.59	99,990,000	-
LMA Americas LLC	80,000,000	Disc**	2/5/20	2.66	78,825,864	-
Nordea Bank AB	50,000,000	Disc**	2/7/20	2.68	49,362,220	-
Ontario Teachers' Finance Trust	26,500,000	Disc**	2/13/20	2.69	26,083,507	-
National Australia Bank Ltd.	45,000,000	2.52 - Var.	2/14/20	2.52	44,995,500	-
Nordea Bank AB	50,000,000	Disc**	2/14/20	2.69	49,345,500	-
Nordea Bank AB	50,000,000	Disc**	2/21/20	2.72	49,325,665	-
MUFG Bank Ltd.	100,700,000	Disc**	3/3/20	2.63	99,244,301	-
KfW	100,000,000	Disc**	3/13/20	2.68	98,496,360	-
Cost of (\$9,058,718,834, \$0 respectively)					9,059,691,236	-
Total Investments in Securities						
Cost of (\$9,683,670,086, \$631,072,773 respectively)					9,684,742,527	631,167,606
Other Assets						
Accrued Interest Receivable					5,892,154	307,039
Total Assets					9,690,634,681	631,474,645
Less Liabilities						
Administration and Investment Advisory Fees					798,404	4,390
Payable to Custodian Bank					-	2,440,968
Total Liabilities					798,404	2,445,358
Net Assets					\$9,689,836,277	\$629,029,287
Components of Capital						
Capital (Par Value)					9,688,763,836	628,934,454
Unrealized Appreciation on Investments					1,072,441	94,833
Net Assets					\$9,689,836,277	\$629,029,287
Outstanding Participant Shares					9,688,763,836	628,934,454
Net Asset Value per Share					\$1.00	\$1.00

\*\* Denotes securities purchased at a discount from par  
The accompanying notes are an integral part of these financial statements

## STATEMENT OF OPERATIONS

(YEAR ENDED JUNE 30, 2019)

	Texas CLASS	Texas CLASS Government
Investment Income	\$220,065,176	\$10,406,027
Expenses:		
Administration and Investment Advisory Fees	8,274,806	535,723
Administration and Investment Advisory Fees Waived	-	(500,633)
Administration and Investment Advisory Fees Net	8,274,806	35,090
Net Investment Income	211,790,370	10,370,937
Net Realized Gain on Investments	112,504	-
Change in Net Unrealized Appreciation on Investments	165,639	116,177
Net Realized Gain and Unrealized Gain on Investments	278,143	116,177
Net Increase in Net Assets Resulting from Operations	\$212,068,513	\$10,487,114

## STATEMENTS OF CHANGES IN NET ASSETS

(YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018)

	Texas CLASS 2019	Texas CLASS 2018	Texas CLASS Government 2019	Texas CLASS Government 2018
From Investment Activities:				
Net Investment Income	\$211,790,370	\$104,640,642	\$10,370,937	\$2,076,639
Net Change in Unrealized Appreciation/(Depreciation) on Investments	165,639	959,591	116,177	(9,739)
Realized Gain on Investments	112,504	102,354	-	977
Net Increase in Net Assets Resulting from Operations	212,068,513	105,702,587	10,487,114	2,067,877
Distributions to Participants from Net Investment Income	(211,790,370)	(104,640,642)	(10,370,937)	(2,076,639)
Distributions to Participants from Net Realized Gain	(112,504)	(102,354)	-	(977)
Net Increase in Net Assets from Share Transactions	2,298,441,942	1,374,564,690	421,885,147	89,895,538
Net Increase in Net Assets	2,298,607,581	1,375,524,281	422,001,324	89,885,799
Net Assets:				
Beginning of Period	7,391,228,696	6,015,704,415	207,027,963	117,142,164
End of Period	\$9,689,836,277	\$7,391,228,696	\$629,029,287	\$207,027,963

*The accompanying notes are an integral part of these financial statements*

## NOTES TO FINANCIAL STATEMENTS — JUNE 30, 2019

### Note 1. Description of Texas CLASS

Texas Cooperative Liquid Assets Securities System Trust ("the Trust") is a Participant controlled trust created in accordance with the Texas Public Funds Investment Act, Section 2256.0017 and was established for participating Texas municipalities on January 1, 1996 under the trust agreement (the "Trust Agreement"). Texas CLASS commenced operations on April 12, 1996 and Texas CLASS Government commenced operations on December 1, 2016. Both portfolios in the Trust are available for investment by Texas municipalities, school districts and public agencies. The purpose of the Trust is to enable such entities to cooperate in the investment of their available funds. The Trust operates like a money market mutual fund with each share valued at \$1.00.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following significant accounting policies are also in conformity with accounting principles generally accepted in the United States of America for investment companies. Such policies are consistently followed by the Trust in the preparation of the financial statements.

Texas CLASS and Texas CLASS Government are both rated AAAM by Standard and Poor's.

#### Securities Valuation

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates market value.

#### Securities Transactions and Investment Income

Securities transactions are accounted for on a trade date basis. Realized gains and losses from securities transactions are recorded on a specific identification basis. Interest income is recognized on the accrual basis and includes amortization of premiums and accretion of discounts. The amortization of premium and accretion of discount accrual method utilized is straight line and it is deemed that there is no significant difference compared to the effective interest method.

#### Derivative Instruments

The Trust's investment policies do not allow for investments in derivatives and, for the period ended June 30, 2019, the Trust held no financial instruments which meet the definition of a derivative according to Financial Accounting Standards Board ("FASB") Accounting Standards Topic (ASC) 815 "Derivative Instruments and Hedging Activities".

#### Dividends to Participants

Distributions from net investment income are declared and paid daily. The Trust's policy is to distribute net realized capital gains, if any, in a reasonable time frame after the gain is realized.

#### Income Taxes

The Trust is not subject to federal, state or local income taxes, and accordingly no tax provision has been made.

The Trust files tax returns annually. The Trust is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. The Trust's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

### Note 2. Fair Value Measurements

In accordance with FASB guidance, the Trust utilizes ASC 820 "Fair Value Measurement and Disclosure" to define fair value, establish a framework for measuring fair value and expand disclosure requirements regarding fair value measurements. ASC 820 does not require new fair value measurements, but is applied to the extent that other accounting pronouncements require or permit fair value measurements. The standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of the Trust's portfolio investments defined pursuant to this standard.

These inputs are summarized into three broad levels:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others. Debt securities are valued in



accordance with the evaluated bid price supplied by the pricing service and are generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S government agency securities, corporate securities and commercial paper.

- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs are inputs that reflect the reporting entities own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

There have been no significant changes in valuation techniques used in valuing any such positions held by the Trust since the beginning of the fiscal year. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of inputs used as of June 30, 2019 to value the Trust's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" and "Level 3 Valuation Reconciliation of Assets" (if applicable) as noted below.

### Valuation Inputs Summary (for the fiscal period ended June 30, 2019)

#### Texas CLASS Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Repurchase Agreements	\$ -	\$ 108,045,455	\$ -	\$ 108,045,455
Certificate of Deposits	-	10,411,325	-	10,411,325
US Government Treasury Securities	-	396,895,290	-	396,895,290
Money Market Funds	109,699,221	-	-	109,699,221
Commercial Paper	-	9,059,691,236	-	9,059,691,236
Total	<u>\$109,699,221</u>	<u>\$9,575,043,306</u>	<u>\$ -</u>	<u>\$9,684,742,527</u>

#### Texas CLASS Government Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Repurchase Agreements	\$ -	\$175,319,297	\$ -	\$175,319,297
Money Market Funds	25,854,065	-	-	25,854,065
US Government Agency Securities	-	91,509,950	-	91,509,950
US Government Treasury Securities	-	338,484,294	-	338,484,294
Total	<u>\$25,854,065</u>	<u>\$605,313,541</u>	<u>\$ -</u>	<u>\$631,167,606</u>

\* For the year June 30, 2019, the Texas CLASS and Texas CLASS Government Portfolios did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value is not applicable.

### Note 3. Investments

#### Custodian

Wells Fargo Bank, N.A. serves as the custodian for the Trust portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolio and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust.

#### Risk Disclosure

The portfolios are subject to the following risks:

- Counterparty Risk – Counterparty risk is the risk that the counterparty or a third party will not fulfill its obligation to the Trust.
- Interest Rate Risk – Interest rate risk is the risk that the value of fixed-income securities will generally decline as prevailing interest rates rise, which may cause a Trust's NAV to likewise decrease, and vice versa.
- Market Risk – Market risk is the daily potential for an investor to experience losses from fluctuations in securities prices. Market risk cannot be diversified away.
- Credit Risk – Credit Risk is the risk an issuer will be unable to make principal and interest payments when due, or will default on its obligations.

The Trust attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques. The Trust limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The Trust's policy is to limit its exposure to any non-government issuer to 5% of net assets.

## Investment in Securities

Texas statutes specify investments meeting defined rating and risk criteria in which local government investment pools may invest as noted in Chapter 2256 (Investment Act), Texas Government Code. The Board of Trustees has further limited investment instruments for the Trust portfolio.

Texas CLASS may invest in:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities with a maximum maturity of 397 days, except that certain permitted variable rate securities may be purchased with final maturities greater than 397 days, as described in Paragraph 12 (d) below;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
4. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
5. Certificates of deposit or share certificates if the certificate is issued by a depository institution that has its main office or a branch office in this state and is: (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (2) secured by obligations that are described by Section 2256.009(a) of Chapter 2256, Texas Government Code as amended, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b), Texas Government Code, as amended; or (3) secured in any other manner and amount provided by law for deposits of the investing entity. In addition, an investment in certificates of deposit is authorized if (1) the funds are invested by an investing entity through (A) a broker that has its main office or a branch office in Texas and is selected from a list adopted by the investing entity, or (B) a depository institution that has its main office or a branch office in Texas and that is selected by the investing entity, (2) the broker or depository institution selected by the investing entity under (1) above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity, (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (4) the investing entity appoints the depository institution selected by the investing entity under (1) above, an entity described by Section 2257.041(d) or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rules 15c3-3 (17 C.F.W. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity;
6. Repurchase agreements that comply with the Investment Act. No more than 25% of the portfolio shall be invested in term repurchase agreements and no more than 5% of the portfolio may be invested in term repurchase agreements with maturities exceeding 90 days. Repurchase agreements shall be 102% collateralized by obligations of the United States Treasury or its agencies and instrumentalities in accordance with the provisions of the Public Securities Association Master Agreement on file with the Program Administrator pertaining to repurchase agreement operating procedures;
7. A securities lending program where:
  - a. the value of securities loaned under the program is not less than 100 percent collateralized, including accrued income;
  - b. a loan made under the program allows for termination at any time;
  - c. a loan made under the program is secured by: (A) pledged securities described subsection (i) below; (B) pledged irrevocable letters of credit issued by a bank that is: (i) organized and existing under the laws of the United States or any other state; and (ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or (C) cash invested in
    - i. Obligations, including letters of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of this state or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and (6) bonds issued, assumed, or guaranteed by the State of Israel.
    - ii. Commercial Paper pursuant to Number Nine below.
    - iii. Mutual Funds pursuant to Number 10 below; or
    - iv. Investment Pools
  - d. the terms of a loan made under the program must require that the securities being held as collateral be: (A) pledged to the investing entity; (B) held in the investing entity's name; and (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;
  - e. a loan made under the program must be placed through: (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or (B) a financial institution doing business in Texas; and
  - f. an agreement to lend securities must have a term of one year or less.

8. Bankers' acceptances that comply with the Investment Act;
9. Commercial paper that complies with the Investment Act; provided that no more than 25% of the assets shall be invested in commercial paper of any one industry, except that the 25% limitation shall not apply to commercial paper of banking and financial institutions;
10. No-load money market mutual funds that comply with the Investment Act;
11. Guaranteed investment contracts that comply with the Investment Act;
12. The following other requirements must also be met:
  - a. no investments shall be made in securities denominated in a currency other than dollars of the United States of America.
  - b. the weighted average maturity of the fund will not exceed the lesser of the triple-A guidelines of a nationally recognized rating agency, or 90 days.
  - c. securities with capped coupons are not permitted.
  - d. variable rate instruments issued by United States agencies or instrumentalities with final maturities of greater than 397 days are allowed if the rate resets at least annually and is calculated with reference to a single, established money market index and the instrument can reasonably be expected to reset to or maintain its par value at all reset dates.
13. Bonds issued, assumed or guaranteed by the State of Israel that are also backed by the full faith and credit of the United States of America.

Texas CLASS Government may invest in:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities with a maximum maturity of 397 days, except that certain permitted variable rate securities may be purchased with final maturities greater than 397 days, as described in Paragraph 5(d) below;
2. Repurchase agreements that comply with the Investment Act. No more than 25% of the portfolio shall be invested in term repurchase agreements and no more than 5% of the portfolio may be invested in term repurchase agreements with maturities exceeding 90 days. Repurchase agreements shall be 102% collateralized by obligations of the United States Treasury or its agencies and instrumentalities in accordance with the provisions of the Public Securities Association Master Agreement on file with the Program Administrator pertaining to repurchase agreement operating procedures;
3. Certificates of deposit pursuant to Section 2256.010, Texas Government Code, as amended;
4. No-load money market mutual funds that comply with the Investment Act but that do not include commercial paper;
5. The following other requirements shall also be met:
  - a. no investments shall be made in securities denominated in a currency other than dollars of the United States of America.
  - b. the weighted average maturity of the fund will not exceed the lesser of the triple-A guidelines of a nationally recognized rating agency, or 120 days.
  - c. securities with capped coupons are not permitted.
  - d. variable rate instruments issued by United States agencies or instrumentalities with final maturities of greater than 397 days are allowed if the rate resets at least annually and is calculated with reference to a single, established money market index and the instrument can reasonably be expected to reset to or maintain its par value at all reset dates.
  - e. the maximum maturity for variable rate securities issued by the United States treasury or agencies or instrumentalities is 762 days.

Investments may be categorized as follows: (1) insured or registered or for which the securities are held by the Trust or the custodian bank in the Trust's name (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the Trust's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer or by its trust department or agent but not in the Trust's name.

All investments fall under the categorization of (3) as mentioned in the preceding paragraph.

#### **Note 4. Repurchase Agreements**

Funds are released from the Trust's portfolios for repurchase agreements only when collateral has been wired to the custodian bank, and for the period ended June 30, 2019, the Trust held no uncollateralized repurchase agreements. The custodian bank reports the market value of the collateral securities to the Trust at least on a weekly basis. If the seller of the agreement defaults and the value of the collateral declines, the immediate realization of the full amount of the agreement by the Trust may be limited. Interest earned on repurchase agreements as a percentage of total interest earned accounted for 4% on the Texas CLASS portfolio and 59% on the Texas CLASS Government portfolio for the year ending June 30, 2019.

## Note 5. Administration and Investment Advisory Fees

Investment advisory services and administration and marketing services are provided by Public Trust Advisors, LLC (PTA). The Trust's fees are calculated daily and paid monthly. The Daily Fee shall be calculated as follows: The Investment Property Value is multiplied by the Applicable Fee Rate and is divided by 365 or 366 days in the event of a leap year to equal the Daily Fee accrual. The Investment Property Value shall be based on the current day's shares outstanding. For weekend days and holidays, the shares outstanding for the previous business day will be utilized for the calculation of fees. The Applicable Fee Rate shall be determined monthly on the first business day of each month and shall be as follows:

Texas CLASS:

	Current Day's Shares Outstanding Balance	Fee %
First	1,000,000,000	.120%
Next	1,000,000,000	.110%
Next	1,000,000,000	.100%
Over	3,000,000,000	.090%

Texas CLASS Government:

	Current Day's Shares Outstanding Balance	Fee %
First	1,000,000,000	.120%
Next	1,000,000,000	.110%
Next	1,000,000,000	.100%
Over	3,000,000,000	.090%

Fees may be waived or abated at any time, or from time to time, at the sole discretion of the Program Administrator. Any such waived fees may be restored by the written agreement of the Board of Trustees in its sole discretion.

In the event that the Investment Property Value declines at any time to a level that would cause the Program Administrator's fee to equal an amount equal to or in excess of the remaining Investment Property Value, the fee shall be reduced to zero.

The blended fee shall never be greater than the yield to the Participants.

The fees are collected by PTA and used to pay all expenses related to the Trust.

## Note 6. Share Transactions

Transactions in shares during the twelve months ended June 30, 2019 and 2018 for the Texas CLASS portfolio were as follows:

	2019	2018
Shares sold	13,510,174,973	10,100,642,419
Shares issued on reinvestment of distributions	211,790,305	104,641,246
Shares redeemed	(11,423,523,336)	(8,830,718,975)
Net increase	<u>2,298,441,942</u>	<u>1,374,564,690</u>

At June 30, 2019, no participants held more than a 5% participation interest in Texas CLASS.

Transactions in shares during the twelve months ended June 30, 2019 and 2018 for Texas CLASS Government were as follows:

	2019	2018
Shares sold	597,701,158	232,135,283
Shares issued on reinvestment of distributions	10,370,937	2,076,639
Shares redeemed	(186,186,948)	(144,316,384)
Net increase	<u>421,885,147</u>	<u>89,895,538</u>

At June 30, 2019, four participants held more than a 5% participation interest in the Texas CLASS Government portfolio. The holdings of these four participants is approximately 45% of the portfolio at June 30, 2019. Investment activities of these participants could have a material impact on the Trust.



## Note 7. Financial Highlights for a Share Outstanding Throughout Each Period

### Texas CLASS

	2019	2018	Years Ended June 30, 2017	2016	2015
Per Share Data					
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.025	\$0.016	\$0.009	\$0.004	\$0.001
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	2.489%	1.569%	0.906%	0.373%	0.110%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$9,689,836	\$7,391,229	\$6,015,704	\$4,780,049	\$3,063,780
Ratio of Expenses to Average Net Assets Gross	0.097%	0.099%	0.100%	0.105%	0.110%
Ratio of Expenses to Average Net Assets Waived	0.000%	0.000%	0.000%	0.000%	0.004%
Ratio of Expenses to Average Net Assets	0.097%	0.099%	0.100%	0.105%	0.106%
Ratio of Net Investment Income to Average Net Assets	2.484%	1.611%	0.925%	0.418%	0.112%

### Texas CLASS Government

	2019	Years Ended June 30, 2018	2017
Per Share Data			
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.023	\$0.014	\$0.006
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00
TOTAL RETURN	2.293%	1.328%	0.362%
RATIOS			
Net Assets-End of period (\$000 Omitted)	\$629,029	\$207,028	\$117,142
Ratio of Expenses to Average Net Assets Gross	0.120%	0.120%	0.120%
Ratio of Expenses to Average Net Assets Waived	0.112%	0.120%	0.120%
Ratio of Expenses to Average Net Assets	0.008%	0.000%	0.000%
Ratio of Net Investment Income to Average Net Assets	2.323%	1.430%	0.631%

## Note 8. Subsequent Events

In accordance with the provisions set forth in ASC 855-10, Subsequent Events, Management has evaluated the possibility of subsequent events existing in the Trust's financial statements. Management has determined that there were no material events that would require disclosure in the Trust's financial statements as of August 30, 2019, which is the date the financial statements were available to be issued.

## Note 9. Related Parties

All trustees of the Trust are officers of participating governments.

## Board of Trustees

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