



Texas Cooperative Liquid Assets Securities System Trust



Annual Report

JUNE 30, 2020
(REPORT OF INDEPENDENT AUDITORS WITHIN)

Texas CLASS Rated AAAm by S&P Global Ratings

Texas CLASS Government Rated AAAm 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.

Texas
CLASS[®]

Chairman's Letter

June 30, 2020

To the Participants of Texas CLASS:

On behalf of the Texas CLASS Board of Trustees, the Advisory Board, and our administrator and investment advisor, Public Trust Advisors, LLC (Public Trust), I am pleased to present the Texas CLASS Annual Report for the year ended June 30, 2020.

Historically, the writing of this letter and the annual report provides an opportunity to reflect and reset as we enter the second half of the calendar year; however, this year's letter looks a bit different as we grapple with and collectively rise to meet the challenges created by the ongoing COVID-19 pandemic. As always, our primary focus is safety: safety of our Participants, our Participants' assets, and our employees.

Once in a Lifetime Circumstances

In mid-March, the Federal Reserve cut the Fed Funds rate by 100 bps to a target range of 0.0% – 0.25% and implemented significant quantitative easing measures by increasing its holdings of Treasuries by at least \$500 billion and its holdings of agency MBS by at least \$200 billion. The Fed introduced a "funding backstop to facilitate the issuance of term commercial paper." All U.S.-domiciled issuers holding a rating of A-1/P-1 are permitted to participate with a maximum of \$5 billion per issuer. A very similar program was deployed successfully during the Great Recession of 2008. The Fed's rapid deployment of these liquidity facilities, along with the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, helped stabilize the financial markets and cushion the blow as COVID-19 plunged the U.S. economy into recession.

In the face of a rapidly changing environment, Texas CLASS executed our business continuity plan, allowing us to successfully utilize our cloud-based work capabilities with no interruptions to continued, normal business operations and processing. We proactively transitioned events and in-person meetings to a virtual setting including hosting virtual board meetings. Additionally, the Texas CLASS portfolio management and credit research teams have been monitoring the potential impact of COVID-19 since late last year. We prepared for the volatility by focusing on highly liquid market segments, investing in only the strongest counterparties, and maintaining liquidity to meet Participant needs.

While this year certainly presented new challenges, the investment and operations teams at Public Trust continue to rely on their extensive knowledge of the cash flow cycles for the various participating entity types to allow for customized and flexible portfolios that maximize yields without compromising Participant access to daily liquidity. In May of 2020, Texas CLASS achieved an all-time high of \$15.2 billion in assets under management, with average daily yields of 1.70% for Texas CLASS and 1.46% for Texas CLASS Government. In total, the two portfolios accumulated \$189 million in net interest earnings for Participants in 2020.

Turning our focus toward the remainder of 2020, we continue our due diligence to improve the Participant experience wherever possible. In line with this forward-thinking mindset, Texas CLASS is pleased to announce an enhanced online transaction portal coming this fall. The new portal will have a fresh look and feel, as well as robust reporting capabilities and further enhanced security. Keep an eye out for more information in the coming months!

As your Chairman, it is a pleasure and an honor to represent the Texas CLASS Board of Trustees. The Board is devoted to providing our Participants with transparent oversight. We meet regularly to monitor the funds and operations on your behalf. However, your input, inquiries, and participation are always welcome, so please do not hesitate to reach out to any member of our team at any time. Each year reminds us that the Texas CLASS Participants are in fact our greatest asset.

Respectfully,



Steve Williams
Chairman, Texas CLASS Board of Trustees

Independent Auditors' Report



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

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, 2020, the statement of operations for the year then ended, the related statements of changes in net assets for the years ended June 30, 2020 and 2019, 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, 2020, the results of its operations for the year then ended, and the changes in its net assets for the years ended June 30, 2020 and 2019 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 21, 2020



STATEMENT OF NET ASSETS – JUNE 30, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Overnight Repurchase Agreements (3%, 2%, respectively)*						
Bank of America/Merrill Lynch Tri-Party (0%, 2% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 0.00% and 4.07% and maturing between 12/11/2025 and 09/13/2038.) Market value plus accrued interest: \$22,621,344	\$22,177,429	0.09%	7/1/20	0.09%	\$ -	\$22,177,429
Bank of America/Merrill Lynch Tri-Party (0%, 0% respectively)* (Collateralized by U.S. Government Treasury Securities with coupon rates between 0.00% and 0.50% and maturing between 06/30/2027 and 11/15/2031.) Market value plus accrued interest: \$51,050,361	50,049,374	0.07	7/1/20	0.07	50,049,374	-
Bank of America/Merrill Lynch Tri-Party (1%, 0% respectively)* (Collateralized by U.S. Government Mortgage Securities with coupon rates between 3.00% and 4.50% and maturing between 01/20/2049 and 11/20/2049.) Market value plus accrued interest: \$165,850,680	162,598,706	0.09	7/1/20	0.09	162,598,706	-
JP Morgan Tri-Party (1%, 0% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 2.00% and 6.00% and maturing between 11/01/2028 and 07/01/2050.) Market value plus accrued interest: \$102,000,000	100,000,000	0.09	7/6/20	0.09	100,000,000	-
RBC Tri-Party (1%, 0% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 3.00% and 7.00% and maturing between 09/20/2027 and 04/01/2059.) Market value plus accrued interest: \$80,205,315	78,632,662	0.07	7/1/20	0.07	78,632,662	-
Cost of (\$391,280,742, \$22,177,429 respectively)					<u>391,280,742</u>	<u>22,177,429</u>
U.S. Government Treasury Securities (3%, 19% respectively)*						
Treasury Notes/Bonds (1%, 3% respectively)*						
Treasury Notes/Bonds	10,000,000	0.19 - Var.	7/31/20	0.19	-	10,000,304

* Denotes percentage of net assets

The accompanying notes are an integral part of these financial statements

STATEMENT OF NET ASSETS – JUNE 30, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Treasury Notes/Bonds	\$10,000,000	0.20% - Var.	10/31/20	0.20%	\$ -	\$10,000,931
Treasury Notes/Bonds	10,000,000	0.27 - Var.	1/31/21	0.26	-	10,005,358
Treasury Notes/Bonds	10,000,000	0.29 - Var.	4/30/21	0.29	-	10,008,946
Treasury Notes/Bonds	50,000,000	0.19 - Var.	7/31/20	0.19	50,001,520	-
Treasury Notes/Bonds	50,000,000	0.27 - Var.	1/31/21	0.26	50,026,790	-
Treasury Bills (2%, 16% respectively)*						
Treasury Bills	15,000,000	Disc**	7/2/20	1.53	-	14,999,909
Treasury Bills	10,000,000	Disc**	7/16/20	1.54	-	9,999,528
Treasury Bills	17,000,000	Disc**	7/23/20	1.54	-	16,998,720
Treasury Bills	13,000,000	Disc**	8/13/20	1.53	-	12,997,975
Treasury Bills	15,000,000	Disc**	9/1/20	0.15	-	14,996,720
Treasury Bills	10,000,000	Disc**	9/3/20	0.70	-	9,997,618
Treasury Bills	10,000,000	Disc**	9/10/20	0.68	-	9,997,332
Treasury Bills	12,000,000	Disc**	10/8/20	1.55	-	11,995,210
Treasury Bills	15,000,000	Disc**	10/27/20	0.15	-	14,992,811
Treasury Bills	20,000,000	Disc**	11/3/20	0.18	-	19,989,780
Treasury Bills	15,000,000	Disc**	11/17/20	0.17	-	14,991,251
Treasury Bills	15,000,000	Disc**	11/19/20	0.15	-	14,990,829
Treasury Bills	15,000,000	Disc**	11/24/20	0.18	-	14,990,630
Treasury Bills	15,000,000	Disc**	12/10/20	0.19	-	14,989,610
Treasury Bills	50,000,000	Disc**	7/2/20	1.56	49,999,695	-
Treasury Bills	100,000,000	Disc**	8/6/20	0.12	99,987,360	-
Treasury Bills	75,000,000	Disc**	10/20/20	0.16	74,965,935	-
Treasury Bills	75,000,000	Disc**	11/3/20	0.18	74,961,675	-
Cost of (\$399,904,841, \$236,810,141 respectively)					399,942,975	236,943,462
U.S. Government Agency Securities						
(0%, 27% respectively)*						
Federal Home Loan Bank (0%, 5% respectively)*						
Federal Home Loan Bank	20,000,000	0.18 - Var.	7/17/20	0.18	-	19,999,800
Federal Home Loan Bank	10,000,000	Disc**	8/3/20	0.24	-	9,998,649
Federal Home Loan Bank	10,000,000	0.10 - Var.	8/19/20	0.10	-	10,000,000
Federal Home Loan Bank	15,000,000	Disc**	9/8/20	0.76	-	14,996,091
Federal Home Loan Bank	10,000,000	0.22 - Var.	6/4/21	0.21	-	10,000,100
Federal Home Loan Mortgage Corp. (0%, 6% respectively)*						
Federal Home Loan Mortgage Corp.	15,000,000	Disc**	8/12/20	0.32	-	14,997,617
Federal Home Loan Mortgage Corp.	15,000,000	0.09 - Var.	8/25/20	0.09	-	15,000,000
Federal Home Loan Mortgage Corp.	15,000,000	0.11 - Var.	2/24/21	0.11	-	15,000,000
Federal Home Loan Mortgage Corp.	15,000,000	0.32 - Var.	7/23/21	0.32	-	15,000,000
Federal Home Loan Mortgage Corp.	15,000,000	0.40 - Var.	9/23/		-	
Federal Farm Credit Bank (0%, 13% respectively)*						
Federal Farm Credit Bank	7,500,000	Disc**	7/16/20	1.58	-	7,499,570
Federal Farm Credit Bank	10,000,000	Disc**	7/23/20	1.60	-	9,999,176

* 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, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Federal Farm Credit Bank	\$15,000,000	Disc**	7/31/20	1.61%	\$-	\$14,998,322
Federal Farm Credit Bank	10,000,000	Disc**	8/4/20	1.57	-	9,998,726
Federal Farm Credit Bank	5,000,000	Disc**	8/5/20	0.53	-	4,999,345
Federal Farm Credit Bank	9,000,000	Disc**	8/17/20	1.57	-	8,998,380
Federal Farm Credit Bank	15,000,000	Disc**	8/18/20	1.62	-	14,997,245
Federal Farm Credit Bank	10,000,000	Disc**	8/26/20	1.59	-	9,997,831
Federal Farm Credit Bank	20,000,000	Disc**	9/1/20	0.25	-	19,995,136
Federal Farm Credit Bank	10,000,000	Disc**	9/15/20	0.53	-	9,996,941
Federal Farm Credit Bank	10,000,000	Disc**	10/27/20	0.13	-	9,995,108
Federal Farm Credit Bank	15,000,000	Disc**	11/6/20	0.20	-	14,992,046
Federal Farm Credit Bank	10,000,000	Disc**	11/23/20	1.52	-	9,993,957
Federal Farm Credit Bank	15,000,000	Disc**	1/7/21	0.49	-	14,987,904
Federal National Mortgage Association (0%, 3% respectively)*						
Federal National Mortgage Association	15,000,000	0.27 - Var.	4/5/21	0.27	-	15,000,000
Federal National Mortgage Association	15,000,000	0.29 - Var.	7/1/21	0.29	-	15,000,000
Cost of (\$0, \$331,211,532 respectively)					-	331,441,944
Certificates of Deposit (0%, 14% respectively)*						
Allegiance Bank	19,010,682	0.27	7/1/20	0.27	-	19,010,682
NexBank	110,076,375	0.30	7/1/20	0.30	-	110,076,375
PlainsCapital Bank	50,028,770	0.25	7/1/20	0.25	-	50,028,770
CDARS-ICS	15,571,591	0.30	7/1/20	0.30	15,571,591	-
Cost of (\$15,571,591, \$179,115,827 respectively)*					15,571,591	179,115,827
Money Market Funds (14%, 17% respectively)*						
Federated Government Obligations Fund	61,193,958			0.11	-	61,193,958
Fidelity Investments Money Market Government Portfolio	9,011,133			0.09	-	9,011,133
State Street US Government Money Market	70,191,464			0.12	-	70,191,464
Wells Fargo Government Money Market Fund	73,014,893			0.11	-	73,014,893
Wells Fargo Treasury Plus Money Market	3,953,310			0.05	-	3,953,310
Fidelity Investments Money Market Government Portfolio	345,234,128			0.09	345,234,128	-
RBC US Government	156,481,370			0.11	156,481,370	-
State Street US Government Money Market	791,358,882			0.12	791,358,882	-
Wells Fargo Government Money Market Fund	511,200,847			0.11	511,200,847	-
Wells Fargo Treasury Plus Money Market	105,933,440			0.05	105,933,440	-
Cost of (\$1,910,208,667, \$217,364,758 respectively)					1,910,208,667	217,364,758
Commercial Paper (80%, 0% respectively)*						
Anglesea Funding LLC	25,000,000	0.44 - Var.	7/1/20	0.44	24,997,500	-
Credit Suisse New York	50,000,000	Disc**	7/1/20	1.93	49,999,890	-

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STATEMENT OF NET ASSETS – JUNE 30, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
BPCE SA	\$125,000,000	Disc**	7/2/20	1.93%	\$124,999,375	\$ -
Collateralized Commercial Paper Co.	50,000,000	0.38 - Var.	7/6/20	0.38	49,995,000	-
Collateralized Commercial Paper Co.	62,000,000	Disc**	7/6/20	1.86	61,998,865	-
MUFG Bank Ltd. New York	100,000,000	Disc**	7/6/20	1.89	99,998,170	-
Atlantic Asset Securitization LLC	50,000,000	0.38 - Var.	7/7/20	0.38	50,000,000	-
Anglesea Funding LLC	50,000,000	0.43 - Var.	7/8/20	0.43	49,995,000	-
Oversea-Chinese Banking Co. Ltd.	75,000,000	Disc**	7/8/20	1.27	74,997,833	-
Thunder Bay Funding LLC	30,000,000	0.35 - Var.	7/8/20	0.35	30,000,000	-
Westpac Banking Corp.	26,979,000	Disc**	7/8/20	1.22	26,971,805	-
Bedford Row Funding Corp.	100,000,000	Disc**	7/9/20	1.86	99,996,750	-
Concord Minuteman Capital Co. LLC	50,000,000	0.40 - Var.	7/9/20	0.40	49,995,000	-
Svenska Handelsbanken AB	100,000,000	0.33 - Var.	7/9/20	0.33	100,000,000	-
Commonwealth Bank of Australia	75,000,000	1.33 - Var.	7/10/20	1.33	74,992,500	-
Nordea Bank AB	95,000,000	Disc**	7/10/20	1.77	94,996,571	-
United Overseas Bank Ltd. Singapore	50,000,000	Disc**	7/10/20	1.31	49,998,195	-
Commonwealth Bank of Australia	50,000,000	0.34 - Var.	7/13/20	0.34	50,000,000	-
Crown Point Capital Co.	50,000,000	0.36 - Var.	7/14/20	0.36	49,995,000	-
Old Line Funding LLC	50,000,000	0.33 - Var.	7/14/20	0.33	49,995,000	-
Svenska Handelsbanken AB	63,675,000	Disc**	7/14/20	1.77	63,672,026	-
United Overseas Bank Ltd. Singapore	75,000,000	Disc**	7/14/20	1.11	74,996,498	-
Bedford Row Funding Corp.	25,000,000	0.31 - Var.	7/16/20	0.31	24,997,500	-
Crown Point Capital Co.	100,000,000	0.38 - Var.	7/16/20	0.38	100,000,000	-
Thunder Bay Funding LLC	49,750,000	Disc**	7/16/20	1.79	49,747,567	-
Ciesco LLC	50,000,000	Disc**	7/17/20	1.80	49,996,930	-
Svenska Handelsbanken AB	50,000,000	Disc**	7/17/20	1.75	49,997,640	-
CDP Financial Inc.	75,000,000	Disc**	7/20/20	1.69	74,996,670	-
CPPIB Capital Inc.	21,535,000	Disc**	7/20/20	1.69	21,534,044	-
DZ Bank AG New York	50,000,000	Disc**	7/20/20	0.71	49,997,780	-
Bedford Row Funding Corp.	50,000,000	0.33 - Var.	7/21/20	0.33	49,995,000	-
BNG Bank NV	67,000,000	Disc**	7/21/20	0.61	66,997,266	-
Sumitomo Mitsui Banking	75,000,000	Disc**	7/21/20	0.38	74,993,873	-
DZ Bank AG New York	50,000,000	Disc**	7/23/20	0.71	49,997,765	-
Caisse des Depot et Consignations	25,000,000	Disc**	7/27/20	0.32	24,994,000	-
Kells Funding LLC	45,000,000	Disc**	7/27/20	1.59	44,947,013	-
Kells Funding LLC	75,000,000	Disc**	7/27/20	0.38	74,911,688	-
Kells Funding LLC	75,000,000	Disc**	7/29/20	0.37	74,984,895	-
BNG Bank NV	50,000,000	Disc**	7/31/20	1.58	49,932,835	-
Anglesea Funding LLC	50,000,000	0.29 - Var.	8/3/20	0.29	49,995,000	-
BPCE SA	75,000,000	Disc**	8/3/20	1.91	74,989,373	-
CPPIB Capital Inc.	80,000,000	Disc**	8/3/20	1.66	79,993,952	-
KfW	50,000,000	Disc**	8/3/20	1.71	49,996,220	-
Erste Abwicklungsanstalt	50,000,000	Disc**	8/4/20	1.22	49,996,110	-
KfW	25,000,000	Disc**	8/4/20	1.71	24,998,055	-
Matchpoint Finance PLC	50,000,000	Disc**	8/4/20	1.71	49,992,220	-
Sumitomo Mitsui Banking	100,000,000	Disc**	8/4/20	0.27	99,984,440	-
BPCE SA	90,000,000	Disc**	8/5/20	0.81	89,928,000	-

** 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, 2020

INVESTMENTS, AT FAIR VALUE

					Texas CLASS	Texas CLASS Government
	Principal Amount	Coupon Rate	Maturity	Effective Yield	Fair Value	Fair Value
Chariot Funding LLC	\$100,000,000	0.54% - Var.	8/5/20	0.54%	\$100,000,000	\$ -
Charta LLC	43,500,000	Disc**	8/5/20	1.70	43,493,040	-
Alpine Securitization LLC	50,000,000	0.29 - Var.	8/6/20	0.29	50,000,000	-
Australia & New Zealand Intl.	65,000,000	Disc**	8/6/20	0.27	64,994,657	-
BNP Paribas	100,000,000	0.26 - Var.	8/6/20	0.26	100,000,000	-
PSP Capital Inc.	100,000,000	0.19 - Var.	8/6/20	0.19	99,990,000	-
Toronto Dominion Bank	100,000,000	0.26 - Var.	8/6/20	0.26	99,990,000	-
Crown Point Capital Co.	50,000,000	0.32 - Var.	8/7/20	0.32	49,995,000	-
JP Morgan Securities	75,000,000	0.26 - Var.	8/7/20	0.26	75,000,000	-
KfW	100,000,000	Disc**	8/7/20	1.68	99,991,560	-
CDP Financial Inc.	50,000,000	Disc**	8/10/20	1.64	49,908,320	-
National Australia Bank Ltd.	50,000,000	0.33 - Var.	8/10/20	0.33	50,000,000	-
Pfizer Inc. Pharmaceuticals	75,000,000	Disc**	8/11/20	0.79	74,931,750	-
Bedford Row Funding Corp.	50,000,000	0.26 - Var.	8/13/20	0.26	49,995,000	-
BNZ International Funding	100,000,000	0.46 - Var.	8/13/20	0.46	99,990,000	-
KfW	49,750,000	Disc**	8/13/20	1.64	49,744,528	-
Old Line Funding LLC	50,000,000	0.27 - Var.	8/13/20	0.27	49,995,000	-
BNG Bank NV	41,026,000	Disc**	8/14/20	1.44	40,953,179	-
Nordea Bank AB	100,000,000	Disc**	8/14/20	1.58	99,988,750	-
Banque et Caisse Epargne	75,000,000	Disc**	8/20/20	1.65	74,990,438	-
BNG Bank NV	75,000,000	Disc**	8/21/20	1.75	74,990,250	-
Dexia Credit Local SA New York	50,000,000	Disc**	8/24/20	0.67	49,992,360	-
Mitsubishi UFJ Trust & Banking Corp. Singapore	75,000,000	Disc**	8/24/20	0.30	74,979,375	-
Caisse des Depot et Consignations	86,000,000	Disc**	8/25/20	0.34	85,950,498	-
Collateralized Commercial Paper Co.	30,000,000	0.24 - Var.	8/25/20	0.24	29,997,000	-
Bedford Row Funding Corp.	50,000,000	0.29 - Var.	8/26/20	0.29	49,995,000	-
Dexia Credit Local SA New York	100,000,000	Disc**	8/26/20	0.63	99,984,170	-
Bedford Row Funding Corp.	50,000,000	0.30 - Var.	8/27/20	0.30	49,995,000	-
Kells Funding LLC	50,000,000	Disc**	8/27/20	1.17	49,907,360	-
Nederlandse Waterschaps	22,000,000	Disc**	8/27/20	0.32	21,988,657	-
Old Line Funding LLC	25,000,000	0.30 - Var.	8/27/20	0.30	24,997,500	-
Australia & New Zealand Banking Group Ltd.	40,000,000	0.23 - Var.	8/28/20	0.23	39,996,000	-
Collateralized Commercial Paper Co.	37,000,000	0.30 - Var.	8/28/20	0.30	36,996,300	-
Caisse des Depot et Consignations	75,000,000	Disc**	8/31/20	0.37	74,987,085	-
Mitsubishi UFJ Trust & Banking Corp. New York	75,000,000	Disc**	8/31/20	0.26	74,976,750	-
Antalis SA	45,000,000	Disc**	9/1/20	1.45	44,985,825	-
Banque et Caisse Epargne	25,000,000	Disc**	9/1/20	1.07	24,995,625	-
Bedford Row Funding Corp.	50,000,000	0.23 - Var.	9/1/20	0.23	49,995,000	-
BNG Bank NV	75,000,000	Disc**	9/1/20	1.17	74,986,875	-
Collateralized Commercial Paper Co.	50,000,000	0.28 - Var.	9/1/20	0.28	49,995,000	-
Natixis New York Branch	98,500,000	Disc**	9/2/20	0.34	98,442,210	-
ASB Finance Ltd. London	45,000,000	Disc**	9/4/20	0.95	44,923,275	-
Mitsubishi UFJ Trust & Banking Corp. Singapore	25,000,000	Disc**	9/4/20	0.28	24,987,168	-

** 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, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
PSP Capital Inc.	\$40,000,000	Disc**	9/4/20	0.99%	\$39,992,668	\$ -
Mitsubishi UFJ Trust & Banking Corp. Singapore	50,000,000	Disc**	9/8/20	0.28	49,982,500	-
NRW. Bank	100,000,000	Disc**	9/8/20	1.17	99,978,610	-
National Australia Bank Ltd.	100,000,000	Disc**	9/9/20	1.17	99,964,500	-
Ontario Teachers' Finance Trust	40,000,000	Disc**	9/9/20	1.64	39,872,988	-
Ontario Teachers' Finance Trust	51,000,000	Disc**	9/10/20	0.91	50,908,200	-
Atlantic Asset Securitization LLC	25,000,000	0.24 - Var.	9/14/20	0.24	24,998,543	-
Caisse des Depot et Consignations	40,000,000	Disc**	9/16/20	0.29	39,989,600	-
Toronto Dominion Bank	50,000,000	Disc**	9/18/20	1.06	49,986,665	-
Dexia Credit Local SA New York	71,000,000	Disc**	9/21/20	0.43	70,980,354	-
DNB Bank ASA	75,000,000	Disc**	9/21/20	0.62	74,979,248	-
Sumitomo Mitsui Banking	40,000,000	Disc**	9/22/20	0.29	39,973,868	-
National Australia Bank Ltd.	50,000,000	Disc**	9/29/20	1.17	49,973,460	-
Nederlandse Waterschaps	100,000,000	Disc**	9/30/20	0.34	99,915,670	-
Toronto Dominion Bank	100,000,000	Disc**	9/30/20	1.26	99,966,780	-
BNP Paribas	75,000,000	0.39 - Var.	10/1/20	0.39	75,000,000	-
Toronto Dominion Bank	60,000,000	1.62 - Var.	10/1/20	1.62	60,153,600	-
DBS Bank Ltd.	136,000,000	Disc**	10/2/20	0.28	135,902,338	-
Oversea-Chinese Banking Co. Ltd.	50,000,000	Disc**	10/2/20	1.62	49,983,030	-
Kells Funding LLC	125,000,000	Disc**	10/5/20	0.31	124,915,800	-
Nederlandse Waterschaps	100,000,000	Disc**	10/5/20	0.31	99,917,820	-
National Australia Bank Ltd.	50,000,000	Disc**	10/6/20	1.12	49,970,055	-
Ontario Teachers' Finance Trust	25,710,000	Disc**	10/6/20	1.62	25,700,202	-
Nordea Bank AB	75,000,000	Disc**	10/7/20	1.21	74,971,125	-
Svenska Handelsbanken AB	100,000,000	Disc**	10/7/20	1.20	99,961,500	-
Svenska Handelsbanken AB	50,000,000	Disc**	10/8/20	1.21	49,980,555	-
Citigroup Global Markets	50,000,000	Disc**	10/9/20	1.81	49,971,945	-
Toronto Dominion Bank	50,000,000	Disc**	10/9/20	1.16	49,980,360	-
DBS Bank Ltd.	50,000,000	Disc**	10/13/20	0.27	49,979,585	-
Kells Funding LLC	75,000,000	Disc**	10/13/20	0.25	74,945,310	-
Kells Funding LLC	50,000,000	Disc**	10/13/20	0.26	49,963,540	-
Nordea Bank AB	75,000,000	Disc**	10/13/20	1.17	74,969,378	-
National Australia Bank Ltd.	75,000,000	Disc**	10/14/20	1.07	74,949,210	-
Commonwealth Bank of Australia	50,000,000	Disc**	10/15/20	1.00	49,977,710	-
Caisse des Depot et Consignations	100,000,000	Disc**	10/16/20	0.30	99,955,000	-
Kells Funding LLC	50,000,000	Disc**	10/16/20	0.27	49,962,500	-
DNB Bank ASA	75,000,000	Disc**	10/19/20	0.64	74,965,313	-
Toronto Dominion Bank	75,000,000	Disc**	10/19/20	0.27	74,965,313	-
Svenska Handelsbanken AB	75,000,000	Disc**	10/20/20	0.95	74,964,998	-
Caisse des Depot et Consignations	100,000,000	Disc**	10/21/20	0.27	99,952,920	-
Collateralized Commercial Paper Co.	50,000,000	0.34 - Var.	10/23/20	0.34	49,995,000	-
Ontario Teachers' Finance Trust	25,000,000	Disc**	10/26/20	1.12	24,986,890	-
DNB Bank ASA	75,000,000	Disc**	10/27/20	0.49	74,960,333	-
Ontario Teachers' Finance Trust	30,000,000	Disc**	10/27/20	0.66	29,984,133	-
DNB Bank ASA	50,000,000	0.38 - Var.	10/30/20	0.38	49,995,000	-
Erste Abwicklungsanstalt	50,000,000	Disc**	11/3/20	1.12	49,972,000	-

** 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, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Glencove Funding LLC	\$50,000,000	0.72% - Var.	11/3/20	0.72%	\$49,995,000	\$ -
Citigroup Global Markets	75,000,000	Disc**	11/6/20	1.68	74,935,500	-
BNP Paribas	75,000,000	0.33 - Var.	11/9/20	0.33	75,000,000	-
BNP Paribas	25,000,000	0.32 - Var.	11/9/20	0.32	24,997,500	-
Erste Abwicklungsanstalt	25,000,000	0.28 - Var.	11/9/20	0.28	25,000,000	-
Dexia Credit Local SA New York	100,000,000	Disc**	11/12/20	0.37	99,936,250	-
Cooperatieve Rabobank UA	100,000,000	0.28 - Var.	11/13/20	0.28	99,990,000	-
Oversea-Chinese Banking Co. Ltd.	100,000,000	0.30 - Var.	11/16/20	0.30	100,000,000	-
MUFG Bank Ltd. New York	100,000,000	Disc**	11/17/20	1.59	99,902,780	-
Mizuho Bank Ltd. New York	100,000,000	Disc**	11/18/20	0.37	99,902,080	-
National Australia Bank Ltd.	50,000,000	0.28 - Var.	11/19/20	0.28	49,995,000	-
Toyota Motor Credit Corp.	75,000,000	0.29 - Var.	11/19/20	0.29	74,992,500	-
BPCE SA	75,000,000	Disc**	11/20/20	0.36	74,925,518	-
MUFG Bank Ltd. New York	100,000,000	Disc**	11/20/20	1.59	99,900,690	-
Oversea-Chinese Banking Co. Ltd.	75,000,000	0.28 - Var.	11/23/20	0.28	75,000,000	-
BNP Paribas New York	75,000,000	Disc**	11/24/20	0.32	74,923,440	-
National Australia Bank Ltd.	75,000,000	0.26 - Var.	11/24/20	0.26	74,992,500	-
JP Morgan Securities	100,000,000	0.29 - Var.	11/25/20	0.29	100,000,000	-
BPCE SA	50,000,000	Disc**	12/1/20	1.07	49,944,390	-
DBS Bank Ltd.	75,000,000	Disc**	12/1/20	0.28	74,939,040	-
Ridgefield Funding Co. LLC	100,000,000	0.33 - Var.	12/7/20	0.33	100,000,000	-
DBS Bank Ltd.	100,000,000	Disc**	12/9/20	0.28	99,910,000	-
Mizuho Bank Ltd. New York	100,000,000	Disc**	12/10/20	0.35	99,877,750	-
Atlantic Asset Securitization LLC	50,000,000	Disc**	12/16/20	0.35	49,922,540	-
DBS Bank Ltd.	75,000,000	Disc**	12/17/20	0.31	74,925,623	-
Atlantic Asset Securitization LLC	73,500,000	Disc**	12/21/20	0.35	73,382,768	-
CDP Financial Inc.	25,000,000	Disc**	12/22/20	1.17	24,974,480	-
CDP Financial Inc.	50,000,000	Disc**	12/28/20	1.27	49,944,695	-
Caisse des Depot et Consignations	75,000,000	Disc**	1/11/21	0.35	74,906,565	-
DBS Bank Ltd.	125,000,000	Disc**	1/25/21	0.33	124,825,838	-
Caisse des Depot et Consignations	75,000,000	Disc**	2/2/21	0.35	74,891,498	-
Cost of (\$10,928,353,716, \$0 respectively)					10,936,632,381	-
Total Investments in Securities						
Cost of (\$13,645,319,557, \$986,679,687 respectively)					13,653,636,356	987,043,420
Deposit Balances In Custody Banks (0%, 21% respectively)*						
BMO Harris Bank (Collateralized by a Federal Home Loan Bank Letter of Credit)	80,031,465	0.25	7/1/20	0.25	-	80,031,465
Citizens Bank (Collateralized by a Federal Home Loan Bank Letter of Credit)	76,062,046	0.25	7/1/20	0.25	-	76,062,046

** 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, 2020

INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Happy State Bank & Trust Co. (Collateralized by a Federal Home Loan Bank Letter of Credit)	\$50,023,633	0.25%	7/1/20	0.25%	\$ -	\$50,023,633
Origin Bank (Collateralized by a Federal Home Loan Bank Letter of Credit)	50,022,468	0.40	7/1/20	0.40	-	50,022,468
Cost of (\$0, \$256,139,612 respectively)					-	256,139,612
Other Assets						
Accrued Interest Receivable					1,140,114	76,510
Total Assets					13,654,776,470	1,243,259,542
Less Liabilities						
Administration and Investment Advisory Fees					1,065,112	125,915
Total Liabilities					1,065,112	125,915
Net Assets					<u>\$13,653,711,358</u>	<u>\$1,243,133,627</u>
Components of Capital						
Capital (Par Value)					13,645,394,559	1,242,769,894
Unrealized Appreciation on Investments					8,316,799	363,733
Net Assets					<u>\$13,653,711,358</u>	<u>\$1,243,133,627</u>
Outstanding Participant Shares					<u>13,645,394,559</u>	<u>1,242,769,894</u>
Net Asset Value per Share					<u>\$1.00</u>	<u>\$1.00</u>

STATEMENT OF OPERATIONS

(YEAR ENDED JUNE 30, 2020)

	Texas CLASS	Texas CLASS Government
Investment Income	\$188,705,535	\$11,625,819
Expenses:		
Administration and Investment Advisory Fees	10,575,875	1,044,086
Administration and Investment Advisory Fees Waived	-	(524,536)
Administration and Investment Advisory Fees Net	10,575,875	519,550
Net Investment Income	178,129,660	11,106,269
Net Realized Gain on Investments	371,108	-
Change in Net Unrealized Appreciation on Investments	7,244,358	268,900
Net Realized Gain and Unrealized Gain on Investments	7,615,466	268,900
Net Increase in Net Assets Resulting from Operations	\$185,745,126	\$11,375,169

STATEMENTS OF CHANGES IN NET ASSETS

(YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019)

	Texas CLASS 2020	Texas CLASS 2019	Texas CLASS Government 2020	Texas CLASS Government 2019
From Investment Activities:				
Net Investment Income	\$178,129,660	\$211,790,370	\$11,106,269	\$10,370,937
Net Change in Unrealized Appreciation on Investments	7,244,358	165,639	268,900	116,177
Realized Gain on Investments	371,108	112,504	-	-
Net Increase in Net Assets Resulting from Operations	185,745,126	212,068,513	11,375,169	10,487,114
Distributions to Participants from Net Investment Income	(178,129,660)	(211,790,370)	(11,106,269)	(10,370,937)
Distributions to Participants from Net Realized Gain	(371,108)	(112,504)	-	-
Net Increase in Net Assets from Share Transactions	3,956,630,723	2,298,441,942	613,835,440	421,885,147
Net Increase in Net Assets	3,963,875,081	2,298,607,581	614,104,340	422,001,324
Net Assets:				
Beginning of Period	9,689,836,277	7,391,228,696	629,029,287	207,027,963
End of Period	\$13,653,711,358	\$9,689,836,277	\$1,243,133,627	\$629,029,287

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS — JUNE 30, 2020

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, 2020, 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, 2020 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, 2020)

Texas CLASS Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Certificate of Deposits	\$ -	\$15,571,591	\$ -	\$ 15,571,591
Commercial Paper	-	10,936,632,381	-	10,936,632,381
Money Market Funds	1,910,208,667	-	-	1,910,208,667
Repurchase Agreements	-	391,280,742	-	391,280,742
US Government Treasury Securities	-	399,942,975	-	399,942,975
Total	<u>\$1,910,208,667</u>	<u>\$11,743,427,689</u>	<u>\$ -</u>	<u>\$13,653,636,356</u>

Texas CLASS Government Portfolio

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Certificate of Deposits	\$ -	\$179,115,827	\$ -	\$179,115,827
Money Market Funds	217,364,758	-	-	217,364,758
Repurchase Agreements	-	22,177,429	-	22,177,429
US Government Agency Securities	-	331,441,944	-	331,441,944
US Government Treasury Securities	-	236,943,462	-	236,943,462
Total	<u>\$217,364,758</u>	<u>\$769,678,662</u>	<u>\$ -</u>	<u>\$987,043,420</u>

* For the year June 30, 2020, 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

Deposits

At June 30, 2020, Texas CLASS Government portfolio had a deposit balance of \$256,139,612. As a result, approximately 21% of the total assets held by Texas CLASS Government were concentrated at four banks. The amount of deposits are fully collateralized by Federal Home Loan Bank Letters of Credit. Interest earned on the investments as a percentage of total interest earned was 3% for the year ended June 30, 2020.

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.R. 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, 2020, 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 8% on the Texas CLASS portfolio and 56% on the Texas CLASS Government portfolio for the year ending June 30, 2020.

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, 2020 and 2019 for the Texas CLASS portfolio were as follows:

	2020	2019
Shares sold	18,267,962,222	13,510,174,973
Shares issued on reinvestment of distributions	178,129,602	211,790,305
Shares redeemed	(14,489,461,101)	(11,423,523,336)
Net increase	<u>3,956,630,723</u>	<u>2,298,441,942</u>

At June 30, 2020, no participants held more than a 5% participation interest in Texas CLASS.

Transactions in shares during the twelve months ended June 30, 2020 and 2019 for Texas CLASS Government were as follows:

	2020	2019
Shares sold	1,402,431,901	597,701,158
Shares issued on reinvestment of distributions	11,106,269	10,370,937
Shares redeemed	(799,702,730)	(186,186,948)
Net increase	<u>613,835,440</u>	<u>421,885,147</u>

At June 30, 2020, five participants held more than a 5% participation interest in the Texas CLASS Government portfolio. The holdings of these five participants is approximately 45% of the portfolio at June 30, 2020. Investment activities of these participants could have a material impact on the Cooperative.

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

Texas CLASS

	2020	2019	Years Ended June 30,		2016
			2018	2017	
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	\$0.016	\$0.025	\$0.016	\$0.009	\$0.004
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	1.715%	2.489%	1.569%	0.906%	0.373%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$13,653,711	\$9,689,836	\$7,391,229	\$6,015,704	\$4,780,049
Ratio of Expenses to Average Net Assets Gross	0.095%	0.097%	0.099%	0.100%	0.105%
Ratio of Expenses to Average Net Assets Waived	0.000%	0.000%	0.000%	0.000%	0.000%
Ratio of Expenses to Average Net Assets	0.095%	0.970%	0.099%	0.100%	0.105%
Ratio of Net Investment Income to Average Net Assets	1.606%	2.484%	1.611%	0.925%	0.418%

Texas CLASS Government

	2020	Years Ended June 30,		2017
		2019	2018	
Per Share Data				
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.013	\$0.023	\$0.014	\$0.006
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	1.469%	2.293%	1.328%	0.362%
RATIOS				
Net Assets-End of period (\$000 Omitted)	\$1,243,134	\$629,029	\$207,028	\$117,142
Ratio of Expenses to Average Net Assets Gross	0.119%	0.120%	0.120%	0.120%
Ratio of Expenses to Average Net Assets Waived	0.060%	0.112%	0.120%	0.120%
Ratio of Expenses to Average Net Assets	0.059%	0.008%	0.000%	0.000%
Ratio of Net Investment Income to Average Net Assets	1.268%	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 21, 2020, 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

Ms. Monika Arris
Collin County

Ms. Cindy Yeatts Brown
Denton County

Mr. Mike Hagar
Alamo Heights ISD

Ms. Amy Perez
Harris County

Mr. Rodney Rhoades
North Texas Municipal Water District

Mr. Steve Williams
City of Conroe

Advisory Board

Mr. Art Alfaro
Qualified Non-Participant

Mr. Mark Burton
Burton Accounting, PLLC

Ms. Heather Hurlbert
City of Corpus Christi

Mr. Arthur Martin
Slaton ISD

Mr. Roger Roecker
Qualified Non-Participant