



Texas Cooperative Liquid Assets Securities System Trust



# Annual Report

JUNE 30, 2021

(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.



## Chairman's Letter

June 30, 2021

To the Participants of Texas CLASS:

On behalf of the Texas CLASS Board of Trustees, 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, 2021.

First and foremost, I want to extend my gratitude to the valued Texas CLASS Participants for their loyalty and perseverance over the last eighteen months; your continued participation and trust in us have made this challenging time a little less so. Even in times of great uncertainty, I am proud that Texas CLASS remains a reliable, safe, and trustworthy investment tool, providing comfort and clarity to local governments around the state. We are proud to offer services you can trust so that you can focus on the important tasks of your role and helping your great communities.

If 2020 reminded us of anything, it is just how much a year can change things! When I think back to the beginning of this new decade, the Federal Funds Target range sat at 1.50% - 1.75% but that would quickly change just months later. In March, the Federal Reserve cut its target rate by 1.75%, effectively bringing the overnight lending rates to zero. In addition, the Federal Reserve dramatically expanded their balance sheet through asset purchases that provided liquidity to the markets and stabilized financial conditions. Treasury yields and credit spreads rapidly followed suit, with historically low interest rates and tight credit spreads setting in throughout the remainder of the year. The Federal Reserve will likely remain committed to this highly accommodative policy until the economy reaches full employment and inflation moderately exceeds two percent for some time. The market anticipates the first rate hike from the Federal Reserve to occur sometime around the end of 2022.

In 2020, the U.S. economy contracted by roughly two percent with the COVID-19 pandemic dramatically impacting overall consumption and disrupting the labor market. Public health orders shut down many sectors of the economy, hitting the hospitality industry particularly hard. For all of 2020, over nine million jobs were lost with the unemployment rate sitting at 6.7% by year end. Over \$3 trillion of stimulus was passed by Congress assisting families, small businesses, and health care providers as the economy ground to a halt in order to restrict the spread of the virus. Through continued vaccine distribution and relaxed lockdown guidelines, the economy has begun to regain its footing so far in 2021.

Through all economic cycles and market conditions, the safety of your investments under our management is our top priority. In the face of economic and societal uncertainty at the beginning of last year, we made swift decisions to prepare for volatility by reviewing our overall credit holdings, moving further into highly liquid market segments, evaluating the strength of our counterparties, and maintaining sufficient liquidity to be certain we met Participant needs.

Even through difficult circumstances, Texas CLASS will always adapt and rise to any challenge for the benefit of the Texas CLASS Participants. While operating remotely for the majority of the last year and a half, the Texas CLASS staff showed their flexibility and commitment to the Participants. In the second half of 2020, Texas CLASS proudly released an upgraded transaction portal with a refreshed look and enhanced capabilities. As of this letter, more than 1,150 individuals have successfully logged into the new portal and have conducted more than 13,700 transactions!

Additionally, Texas CLASS recently completed a successful custodial change, moving from Wells Fargo, N.A. to UMB Bank, N.A. as a result of Wells Fargo's sale of their Institutional Retirement & Trust business line (which includes custody business) to Principal Bank in early 2019. Because Principal Bank is a lesser-known institution with little physical branch presence across the nation, the Board requested that Public Trust issue an RFI for custodian services to determine the best potential solutions moving forward. UMB Bank, N.A. made a very strong case with a significant and growing presence in Texas, particularly in the municipal banking marketplace. We are very confident that UMB Bank, N.A. will be an excellent partner to the Texas CLASS program moving forward.

As Texas CLASS approaches thirty years of operations, the investment and operations 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. In fiscal year 2021, Texas CLASS Participants requested 13,300 withdrawals totaling more than \$18.4 billion. Even with historically low interest rates, Texas CLASS was able to provide a grand total of more than \$24.7 million in interest earnings for Participants during the year!

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, meeting regularly to monitor the funds and operations on your behalf. Each year reminds us that the Texas CLASS Participants are truly our greatest asset.

Respectfully,



Steve Williams  
Chairman, Board of Trustees



## Independent Auditors' Report



CliftonLarsonAllen LLP  
CLAconnect.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, 2021, the statement of operations for the year then ended, the related statements of changes in net assets for the years ended June 30, 2021 and 2020, 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, 2021, the results of its operations for the year then ended, and the changes in its net assets for the years ended June 30, 2021 and 2020 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 20, 2021



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://nexia.com/member-firm-disclaimer) for details.

# STATEMENT OF NET ASSETS – JUNE 30, 2021

## INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Overnight Repurchase Agreements (7%, 3%, respectively)*						
Bank of America/Merrill Lynch Tri-Party (2%, 0% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 1.50% and 5.50% and maturing between 06/01/2028 and 08/01/2059.) Market value plus accrued interest: \$293,487,853	\$287,733,189	0.05%	07/01/2021	0.05%	\$287,733,189	\$ -
Bank of America/Merrill Lynch Tri-Party (0%, 0% respectively)* (Collateralized by a U.S. Government Treasury Security with a coupon rate of 2.25% and maturing on 05/15/2041.) Market value plus accrued interest: \$13,363,613	13,101,503	0.05	07/01/2021	0.05	13,101,503	-
BMO Tri-Party (0%, 0% respectively)* (Collateralized by U.S. Government Treasury Securities with coupon rates of 0.00% and maturing between 02/15/2029 and 08/15/2032.) Market value plus accrued interest: \$12,269,405	12,028,829	0.03	07/01/2021	0.03	12,028,829	-
Credit Agricole Tri-Party (1%, 0% respectively)* (Collateralized by U.S. Government Agency Securities with coupon rates between 2.00% and 3.50% and maturing between 09/01/2047 and 09/01/2050.) Market value plus accrued interest: \$102,000,023	100,000,000	0.06	07/01/2021	0.06	100,000,000	-
Goldman Sachs Tri-Party (2%, 0% respectively)* (Collateralized by U.S. Government Agency and Mortgage Securities with coupon rates between 2.50% and 4.50% and maturing between 01/01/2031 and 05/20/2051.) Market value plus accrued interest: \$306,000,000	300,000,000	0.05	07/01/2021	0.05	300,000,000	-
RBC Tri-Party (1%, 0% respectively)* (Collateralized by U.S. Government Treasury and Mortgage Securities with coupon rates between 0.25% and 6.50% and maturing between 07/31/2025 and 04/20/2051.) Market value plus accrued interest: \$80,243,603	78,670,198	0.03	07/01/2021	0.03	78,670,198	-

\* Denotes percentage of net assets

The accompanying notes are an integral part of these financial statements

# STATEMENT OF NET ASSETS – JUNE 30, 2021

## INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
JP Morgan Tri-Party (1%, 0% respectively)* (Collateralized by a U.S. Government Mortgage Security with a coupon rate of 2.00% and maturing on 01/20/2051.) Market value plus accrued interest: \$102,000,156	\$100,000,000	0.06%	07/06/2021	0.06%	\$100,000,000	\$ -
Bank of America/Merrill Lynch Tri-Party (0%, 3% respectively)* (Collateralized by a U.S. Government Agency Security with a coupon rate of 3.00% and maturing on 06/01/2051.) Market value plus accrued interest: \$37,952,983	37,208,807	0.05	07/01/2021	0.05	-	37,208,807
RBC Tri-Party (0%, 0% respectively)* (Collateralized by U.S. Government Treasury and Agency Securities with coupon rates between 0.50% and 4.50% and maturing between 10/31/2027 and 06/01/2051.) Market value plus accrued interest: \$3,065,281	3,005,177	0.03	07/01/2021	0.03	-	3,005,177
Cost of (\$891,533,719, \$40,213,984 respectively)					<u>891,533,719</u>	<u>40,213,984</u>
U.S. Government Treasury Securities (3%, 24% respectively)*						
Treasury Bills (3%, 24% respectively)*	50,000,000	Disc.**	07/29/2021	0.04	49,998,450	-
Treasury Bills	100,000,000	Disc.**	08/19/2021	0.04	99,993,841	-
Treasury Bills	150,000,000	Disc.**	11/04/2021	0.05	149,972,438	-
Treasury Bills	50,000,000	Disc.**	11/12/2021	0.05	49,990,136	-
Treasury Bills	100,000,000	Disc.**	11/26/2021	0.05	99,978,211	-
Treasury Bills	5,000,000	Disc.**	07/20/2021	0.04	-	4,999,878
Treasury Bills	20,000,000	Disc.**	08/19/2021	0.04	-	19,998,768
Treasury Bills	25,000,000	Disc.**	08/24/2021	0.04	-	24,998,406
Treasury Bills	20,000,000	Disc.**	09/02/2021	0.05	-	19,998,285
Treasury Bills	25,000,000	Disc.**	09/16/2021	0.04	-	24,997,728
Treasury Bills	20,000,000	Disc.**	09/28/2021	0.04	-	19,997,824
Treasury Bills	30,000,000	Disc.**	10/05/2021	0.05	-	29,996,400
Treasury Bills	25,000,000	Disc.**	10/12/2021	0.05	-	24,996,781
Treasury Bills	25,000,000	Disc.**	10/28/2021	0.05	-	24,995,662
Treasury Bills	25,000,000	Disc.**	11/04/2021	0.05	-	24,995,406
Treasury Bills	15,000,000	Disc.**	11/18/2021	0.05	-	14,997,083
Treasury Bills	20,000,000	Disc.**	11/26/2021	0.05	-	19,995,642
Treasury Bills	10,000,000	Disc.**	12/02/2021	0.05	-	9,997,754
Treasury Bills	20,000,000	Disc.**	12/09/2021	0.05	-	19,995,304
Treasury Bills	25,000,000	Disc.**	12/16/2021	0.05	-	24,993,992
Treasury Bills	15,000,000	Disc.**	06/16/2022	0.07	-	14,989,427
Cost of (\$449,955,586, \$324,956,684 respectively)					<u>449,933,076</u>	<u>324,944,340</u>

\* 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, 2021

## INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
U.S. Government Agency Securities (0%, 17% respectively)*						
Federal Farm Credit Bank (0%, 6% respectively)*						
Federal Farm Credit Bank	\$10,000,000	Disc.**	07/13/2021	0.03%	\$ -	\$ 9,999,900
Federal Farm Credit Bank	15,000,000	Disc.**	08/31/2021	0.04	-	14,998,983
Federal Farm Credit Bank	15,000,000	0.15-Var.	09/15/2021	0.15	-	15,001,994
Federal Farm Credit Bank	15,000,000	0.10-Var.	10/05/2021	0.09	-	15,001,656
Federal Farm Credit Bank	7,500,000	0.13-Var.	03/10/2022	0.13	-	7,501,696
Federal Farm Credit Bank	15,000,000	0.14-Var.	06/03/2022	0.13	-	15,009,830
Federal Home Loan Bank (0%, 8% respectively)*						
Federal Home Loan Bank	15,000,000	0.10-Var.	07/16/2021	0.10	-	15,000,233
Federal Home Loan Bank	7,000,000	0.11-Var.	08/25/2021	0.10	-	7,000,489
Federal Home Loan Bank	12,500,000	0.10-Var.	11/16/2021	0.10	-	12,501,894
Federal Home Loan Bank	10,000,000	0.12-Var.	12/01/2021	0.12	-	10,002,180
Federal Home Loan Bank	15,000,000	0.11-Var.	12/21/2021	0.11	-	15,002,941
Federal Home Loan Bank	15,000,000	0.11-Var.	02/11/2022	0.11	-	15,002,257
Federal Home Loan Bank	15,000,000	0.11-Var.	05/13/2022	0.10	-	15,002,280
Federal Home Loan Bank	15,000,000	0.10-Var.	05/27/2022	0.09	-	15,000,823
Federal Home Loan Mortgage Corp. (0%, 2% respectively)*						
Federal Home Loan Mortgage Corp.	15,000,000	0.29-Var.	07/23/2021	0.29	-	15,001,969
Federal Home Loan Mortgage Corp.	15,000,000	0.37-Var.	09/23/2021	0.37	-	15,011,450
Federal National Mortgage Association (0%, 1% respectively)*						
Federal National Mortgage Association	15,000,000	0.26-Var.	07/01/2021	0.26	-	15,000,000
Cost of (\$0, \$226,995,401 respectively)					-	227,040,575
Certificates of Deposit (0%, 13% respectively)*						
CBank CDARS	15,618,371	0.30	07/01/2021	0.30	15,618,371	-
Allegiance Bank	19,060,643	0.24	07/01/2021	0.24	-	19,060,643
NexBank	110,407,068	0.30	07/01/2021	0.30	-	110,407,068
PlainsCapital Bank	50,153,980	0.25	07/01/2021	0.25	-	50,153,980
Cost of (\$15,618,371, \$179,621,691 respectively)*					15,618,371	179,621,691
Money Market Funds (0%, 6% respectively)*						
Fidelity Government Portfolio - Institutional Class	6,326,184			0.01	6,326,184	-
RBC U.S. Government - Institutional Class	3,517,143			0.02	3,517,143	-
State Street Institutional US Government - Premier Class	38,568,497			0.03	38,568,497	-
Wells Fargo Government Money Market - Select Class	6,405,808			0.02	6,405,808	-
Fidelity Government Portfolio - Institutional Class	15,190			0.01	-	15,190

\* 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, 2021

## INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Federated Government Obligations - Premier Class	\$208,701			0.01%	\$ -	\$ 208,701
State Street Institutional US Government - Premier Class	34,207,877			0.03	-	34,207,877
Wells Fargo Government Money Market - Select Class	43,033,508			0.02	-	43,033,508
Cost of (\$54,817,632, \$77,465,276 respectively)					<u>54,817,632</u>	<u>77,465,276</u>
Commercial Paper (88%, 0% respectively)*						
Collateralized Commercial Paper V Co. LLC	73,000,000	Disc.**	07/01/2021	0.08	72,999,838	-
Ionic Capital II Trust	75,000,000	Disc.**	07/01/2021	0.08	74,999,834	-
Institutional Secured Funding LLC	50,000,000	Disc.**	07/06/2021	0.17	49,998,642	-
LMA Americas LLC	99,000,000	Disc.**	07/06/2021	0.08	98,998,680	-
Toyota Motor Credit Corp.	50,000,000	0.15-Var.	07/07/2021	0.15	49,999,600	-
Institutional Secured Funding LLC	40,000,000	Disc.**	07/08/2021	0.17	39,998,489	-
Thunder Bay Funding LLC	40,000,000	Disc.**	07/08/2021	0.08	39,999,289	-
Caisse des Depot et Consignations	50,000,000	Disc.**	07/09/2021	0.08	49,999,000	-
Ionic Capital II Trust	100,000,000	Disc.**	07/09/2021	0.08	99,998,000	-
Jupiter Securitization Co. LLC	50,000,000	Disc.**	07/09/2021	0.08	49,999,000	-
LMA Americas LLC	46,000,000	Disc.**	07/09/2021	0.08	45,999,080	-
Toyota Motor Credit Corp.	100,000,000	0.12-Var.	07/12/2021	0.12	99,997,700	-
Collateralized Commercial Paper V Co. LLC	50,000,000	Disc.**	07/13/2021	0.07	49,998,827	-
LMA Americas LLC	43,400,000	Disc.**	07/13/2021	0.08	43,398,746	-
Oversea-Chinese Banking Corp. Ltd.	50,000,000	Disc.**	07/14/2021	0.09	49,998,250	-
Sumitomo Mitsui Banking Corp.	100,000,000	Disc.**	07/14/2021	0.07	99,997,278	-
Mitsubishi UFJ Trust & Banking Corp. New York	75,000,000	Disc.**	07/15/2021	0.07	74,997,719	-
Nordea Bank Abp	47,000,000	Disc.**	07/15/2021	0.07	46,998,570	-
PSP Capital Inc.	100,000,000	0.15-Var.	07/15/2021	0.15	100,000,000	-
DBS Bank Ltd.	96,500,000	Disc.**	07/16/2021	0.09	96,496,054	-
Fairway Finance Company, LLC	30,000,000	Disc.**	07/16/2021	0.08	29,998,907	-
Dexia Credit Local SA New York	100,000,000	Disc.**	07/19/2021	0.08	99,995,619	-
Fairway Finance Company, LLC	50,000,000	Disc.**	07/20/2021	0.09	49,997,556	-
Old Line Funding LLC	50,000,000	Disc.**	07/20/2021	0.08	49,997,834	-
Macquarie Bank Ltd.	50,000,000	0.13-Var.	07/21/2021	0.13	49,995,000	-
Macquarie Bank Ltd.	75,000,000	0.13-Var.	07/22/2021	0.13	75,001,512	-
Ionic Capital II Trust	100,000,000	Disc.**	07/23/2021	0.09	99,994,122	-
Australia and New Zealand Banking Corp.	91,300,000	Disc.**	07/26/2021	0.07	91,295,384	-
Fairway Finance Company, LLC	27,000,000	Disc.**	07/27/2021	0.11	26,997,773	-
FMS Wertmanagement	100,000,000	Disc.**	07/27/2021	0.09	99,993,400	-
BNZ International Funding Ltd.	100,000,000	Disc.**	08/02/2021	0.08	99,992,667	-
Bedford Row Funding Corp.	126,250,000	0.23-Var.	08/02/2021	0.23	126,250,000	-
Collateralized Commercial Paper V Co. LLC	50,000,000	Disc.**	08/02/2021	0.07	49,996,792	-
FMS Wertmanagement	125,000,000	Disc.**	08/02/2021	0.09	124,989,688	-
Mizuho Bank Ltd. New York	100,000,000	Disc.**	08/02/2021	0.08	99,992,667	-

\* 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, 2021

## INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Macquarie Bank Ltd.	\$ 50,000,000	0.13-Var.	08/03/2021	0.13%	\$50,000,000	\$ -
Ridgefield Funding Co. LLC	100,000,000	0.15-Var.	08/03/2021	0.15	99,999,800	-
FMS Wertmanagement	100,000,000	Disc.**	08/04/2021	0.09	99,991,250	-
Collateralized Commercial Paper V Co. LLC	112,000,000	Disc.**	08/05/2021	0.07	111,992,160	-
Mitsubishi UFJ Trust & Banking Corp. New York	75,000,000	Disc.**	08/05/2021	0.08	74,994,000	-
NRW. Bank	150,000,000	Disc.**	08/05/2021	0.08	149,988,000	-
Swedbank AB	88,000,000	Disc.**	08/05/2021	0.08	87,992,960	-
Erste Abwicklungsanstalt	100,000,000	Disc.**	08/06/2021	0.10	99,990,236	-
Matchpoint Finance PLC	50,000,000	Disc.**	08/06/2021	0.10	49,994,861	-
Bedford Row Funding Corp.	75,000,000	0.18-Var.	08/09/2021	0.18	75,000,000	-
BNP Paribas SA	75,000,000	Disc.**	08/09/2021	0.08	74,993,333	-
Bedford Row Funding Corp.	75,000,000	0.13-Var.	08/10/2021	0.13	75,000,000	-
Macquarie Bank Ltd.	50,000,000	0.11-Var.	08/11/2021	0.11	50,000,000	-
United Overseas Bank Ltd.	75,000,000	Disc.**	08/11/2021	0.09	74,992,125	-
Matchpoint Finance PLC	50,000,000	Disc.**	08/13/2021	0.10	49,993,889	-
Alpine Securitization LLC	50,000,000	0.23-Var.	08/16/2021	0.23	50,000,000	-
Mitsubishi UFJ Trust & Banking Corp. Singapore	50,000,000	Disc.**	08/17/2021	0.08	49,994,667	-
Mizuho Bank Ltd. New York	100,000,000	Disc.**	08/17/2021	0.08	99,989,333	-
DBS Bank Ltd.	75,000,000	Disc.**	08/19/2021	0.10	74,989,271	-
Macquarie Bank Ltd.	100,000,000	0.13-Var.	08/19/2021	0.13	100,000,209	-
Old Line Funding LLC	50,000,000	0.20-Var.	08/23/2021	0.20	49,995,000	-
Svenska Handelsbanken New York	125,000,000	Disc.**	08/24/2021	0.07	124,986,633	-
Goldman Sachs International	116,250,000	Disc.**	08/25/2021	0.11	116,230,108	-
Thunder Bay Funding LLC	44,000,000	0.20-Var.	08/26/2021	0.20	43,995,600	-
ING (U.S.) Funding LLC	45,000,000	Disc.**	08/27/2021	0.09	44,993,475	-
The Toronto-Dominion Bank	100,000,000	Disc.**	08/30/2021	0.09	99,984,750	-
Macquarie Bank Ltd.	85,000,000	0.13-Var.	08/31/2021	0.13	85,000,000	-
United Overseas Bank Ltd.	50,000,000	Disc.**	08/31/2021	0.09	49,992,164	-
Mitsubishi UFJ Trust & Banking Corp. Singapore	100,000,000	Disc.**	09/01/2021	0.08	99,986,000	-
Westpac Securities NZ Ltd.	40,000,000	0.14-Var.	09/01/2021	0.14	39,999,920	-
Westpac Banking Corp.	100,000,000	0.13-Var.	09/01/2021	0.13	100,001,691	-
Commonwealth Bank of Australia	100,000,000	0.13-Var.	09/02/2021	0.13	100,000,000	-
Sumitomo Mitsui Trust Bank, Ltd. Singapore	45,000,000	Disc.**	09/02/2021	0.07	44,994,320	-
Commonwealth Bank of Australia	75,000,000	0.13-Var.	09/03/2021	0.13	75,000,000	-
Svenska Handelsbanken New York	91,500,000	Disc.**	09/03/2021	0.07	91,488,105	-
Crown Point Capital Co.	100,000,000	0.27-Var.	09/07/2021	0.27	99,996,500	-
National Australia Bank Ltd.	100,000,000	0.20-Var.	09/07/2021	0.20	100,000,000	-
Dexia Credit Local SA New York	80,750,000	Disc.**	09/08/2021	0.10	80,733,827	-
BNP Paribas SA	75,000,000	0.13-Var.	09/09/2021	0.13	75,000,000	-
Dexia Credit Local SA New York	36,000,000	Disc.**	09/10/2021	0.11	35,992,368	-
NRW. Bank	75,000,000	Disc.**	09/10/2021	0.09	74,987,400	-
Ridgefield Funding Co. LLC	100,000,000	Disc.**	09/13/2021	0.09	99,981,250	-
Old Line Funding LLC	50,000,000	0.19-Var.	09/14/2021	0.19	49,995,000	-

\*\* 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, 2021

## INVESTMENTS, AT FAIR VALUE

					Texas CLASS	Texas CLASS
	Principal Amount	Coupon Rate	Maturity	Effective Yield	Fair Value	Government Fair Value
Royal Bank of Canada New York	\$100,000,000	0.14-Var.	09/14/2021	0.14%	\$100,000,000	\$ -
Sumitomo Mitsui Trust Bank, Ltd. Singapore	55,000,000	Disc.**	09/15/2021	0.08	54,991,059	-
Svenska Handelsbanken New York	61,250,000	Disc.**	09/15/2021	0.08	61,240,043	-
Sumitomo Mitsui Trust Bank, Ltd. Singapore	160,000,000	Disc.**	09/17/2021	0.08	159,973,315	-
The Toronto-Dominion Bank	125,000,000	Disc.**	09/17/2021	0.10	124,973,666	-
Collateralized Commercial Paper V Co. LLC	87,000,000	Disc.**	09/21/2021	0.10	86,980,944	-
DBS Bank Ltd.	75,000,000	Disc.**	09/21/2021	0.13	74,978,386	-
ING (U.S.) Funding LLC	50,000,000	Disc.**	09/22/2021	0.10	49,988,567	-
Matchpoint Finance PLC	25,000,000	Disc.**	09/23/2021	0.12	24,993,035	-
Svenska Handelsbanken New York	100,000,000	0.15-Var.	09/23/2021	0.15	100,002,303	-
Sumitomo Mitsui Trust Bank, Ltd. Singapore	51,100,000	Disc.**	09/24/2021	0.08	51,090,356	-
The Toronto-Dominion Bank	100,000,000	Disc.**	09/28/2021	0.10	99,975,000	-
Matchpoint Finance PLC	50,000,000	Disc.**	10/01/2021	0.12	49,984,371	-
Old Line Funding LLC	75,000,000	0.21-Var.	10/01/2021	0.21	74,992,500	-
Ridgefield Funding Co. LLC	125,000,000	Disc.**	10/01/2021	0.10	124,967,385	-
JP Morgan Securities	100,000,000	Disc.**	10/04/2021	0.11	99,972,267	-
Sumitomo Mitsui Trust Bank, Ltd. Singapore	75,000,000	Disc.**	10/04/2021	0.09	74,982,400	-
Ridgefield Funding Co. LLC	125,000,000	Disc.**	10/05/2021	0.10	124,965,646	-
Mizuho Bank Ltd. Singapore	100,000,000	Disc.**	10/07/2021	0.14	99,962,600	-
Anglesea Funding LLC	100,000,000	0.20-Var.	10/08/2021	0.20	100,000,000	-
Oversea-Chinese Banking Corp. Ltd.	75,000,000	Disc.**	10/08/2021	0.11	74,976,458	-
Alpine Securitization LLC	50,000,000	0.21	10/12/2021	0.21	50,000,000	-
Svenska Handelsbanken New York	100,000,000	0.19-Var.	10/12/2021	0.19	99,999,999	-
Skandinaviska Enskilda Banken AB New York	125,000,000	Disc.**	10/13/2021	0.11	124,961,719	-
National Australia Bank Ltd.	100,000,000	0.14-Var.	10/15/2021	0.14	100,026,000	-
Glencove Funding LLC	50,000,000	0.23-Var.	10/19/2021	0.23	49,995,000	-
Old Line Funding LLC	24,250,000	0.20-Var.	10/20/2021	0.20	24,247,575	-
Mizuho Bank Ltd. Singapore	50,000,000	Disc.**	10/22/2021	0.15	49,976,884	-
Manhattan Asset Funding Co.	44,250,000	Disc.**	10/29/2021	0.13	44,230,665	-
Mizuho Bank Ltd. Singapore	50,000,000	Disc.**	10/29/2021	0.15	49,974,624	-
Alpine Securitization LLC	100,000,000	0.16	11/01/2021	0.16	100,000,000	-
BPCE	50,000,000	Disc.**	11/01/2021	0.13	49,977,439	-
Collateralized Commercial Paper V Co. LLC	83,500,000	Disc.**	11/01/2021	0.12	83,464,624	-
Swedbank AB	75,000,000	Disc.**	11/01/2021	0.10	74,973,908	-
Oversea-Chinese Banking Corp. Ltd.	100,000,000	0.18-Var.	11/02/2021	0.18	100,017,000	-
National Australia Bank Ltd.	100,000,000	0.16-Var.	11/03/2021	0.16	100,029,000	-
Skandinaviska Enskilda Banken AB New York	125,000,000	Disc.**	11/03/2021	0.11	124,951,000	-
BPCE	100,000,000	Disc.**	11/04/2021	0.13	99,953,433	-
Oversea-Chinese Banking Corp. Ltd.	75,000,000	0.18-Var.	11/05/2021	0.18	75,013,500	-
Svenska Handelsbanken New York	100,000,000	0.16-Var.	11/08/2021	0.16	99,992,835	-
Anglesea Funding LLC	125,000,000	0.16-Var.	11/10/2021	0.16	125,000,000	-
Thunder Bay Funding LLC	75,000,000	0.17-Var.	11/10/2021	0.17	74,992,500	-
Skandinaviska Enskilda Banken AB New York	100,000,000	Disc.**	11/15/2021	0.12	99,955,533	-
Mackinac Funding Company, LLC	40,000,000	Disc.**	11/16/2021	0.18	39,972,818	-
Manhattan Asset Funding Co.	48,000,000	0.20-Var.	11/17/2021	0.20	48,000,000	-
Collateralized Commercial Paper V Co. LLC	125,000,000	Disc.**	11/18/2021	0.14	124,934,396	-
DBS Bank Ltd.	125,000,000	Disc.**	11/19/2021	0.15	124,926,041	-

\*\* 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, 2021

## INVESTMENTS, AT FAIR VALUE

	Principal Amount	Coupon Rate	Maturity	Effective Yield	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Collateralized Commercial Paper V Co. LLC	\$50,000,000	Disc.**	11/22/2021	0.14%	\$49,972,410	\$ -
DBS Bank Ltd.	50,000,000	Disc.**	11/23/2021	0.15	49,969,584	-
Crown Point Capital Co.	48,000,000	0.17	12/01/2021	0.17	47,999,175	-
The Toronto-Dominion Bank	100,000,000	Disc.**	12/03/2021	0.11	99,951,467	-
DBS Bank Ltd.	50,000,000	Disc.**	12/07/2021	0.16	49,965,111	-
Anglesea Funding LLC	50,000,000	0.17-Var.	12/08/2021	0.17	50,000,000	-
Mizuho Bank Ltd. Singapore	75,000,000	Disc.**	12/08/2021	0.18	74,941,637	-
Old Line Funding LLC	50,000,000	0.15-Var.	12/13/2021	0.15	49,995,000	-
Oversea-Chinese Banking Corp. Ltd.	100,000,000	0.14-Var.	12/20/2021	0.14	100,000,000	-
Cedar Springs Capital Co. LLC	50,000,000	0.18	12/21/2021	0.18	50,000,000	-
Anglesea Funding LLC	73,000,000	0.21-Var.	12/23/2021	0.21	73,000,000	-
Old Line Funding LLC	75,000,000	0.15-Var.	12/28/2021	0.15	74,992,500	-
Old Line Funding LLC	47,500,000	0.15-Var.	01/10/2022	0.15	47,495,250	-
Thunder Bay Funding LLC	47,500,000	0.15-Var.	01/10/2022	0.15	47,495,250	-
Thunder Bay Funding LLC	37,500,000	0.14-Var.	01/13/2022	0.14	37,496,250	-
Dexia Credit Local SA New York	25,000,000	0.20-Var.	01/14/2022	0.20	24,997,500	-
Canadian Imperial Bank of Commerce	100,000,000	0.18-Var.	02/11/2022	0.18	100,000,000	-
Ionic Capital II Trust	50,000,000	Disc.**	02/11/2022	0.17	49,946,639	-
Australia & New Zealand Banking Group Ltd.	100,000,000	0.16-Var.	02/18/2022	0.16	100,000,000	-
Australia & New Zealand Banking Group Ltd.	75,000,000	0.16-Var.	02/28/2022	0.16	74,997,478	-
United Overseas Bank Ltd.	75,000,000	Disc.**	03/02/2022	0.15	74,922,417	-
Crown Point Capital Co.	99,500,000	0.18	03/04/2022	0.18	99,459,949	-
National Australia Bank Ltd.	100,000,000	0.17-Var.	03/04/2022	0.17	100,000,000	-
National Australia Bank Ltd.	75,000,000	0.13-Var.	03/04/2022	0.13	75,000,000	-
Crown Point Capital Co.	115,000,000	0.19	03/07/2022	0.19	114,958,708	-
Bedford Row Funding Corp.	40,000,000	0.17-Var.	03/22/2022	0.17	40,000,000	-
The Toronto-Dominion Bank	100,000,000	0.15-Var.	03/22/2022	0.15	100,000,000	-
Cost of (\$11,703,099,198, \$0 respectively)					<u>11,703,704,841</u>	<u>-</u>
Total Investments in Securities						
Cost of (\$13,115,024,506, \$849,253,036 respectively)					<u>13,115,607,639</u>	<u>849,285,866</u>
Deposit Balances In Custody Banks (2%, 37% respectively)*						
Origin Bank	50,085,958	0.19	07/01/2021	0.19	50,085,958	-
UMB Bank	228,004,209	0.14	07/01/2021	0.14	228,004,209	-
BMO Harris Bank	225,292,401	0.15	07/01/2021	0.15	-	225,292,401
Happy State Bank & Trust Co.	100,262,652	0.25	07/01/2021	0.25	-	100,262,652
Origin Bank	50,085,958	0.19	07/01/2021	0.19	-	50,085,958
Origin Bank	50,211,646	0.20	07/01/2021	0.20	-	50,211,646
Origin Bank	25,017,985	0.15	07/01/2021	0.15	-	25,017,985
Origin Bank	50,006,575	0.06	07/01/2021	0.06	-	50,006,575
UMB Bank	9,542,124	0.14	07/01/2021	0.14	-	9,542,124
Cost of (\$278,090,167, \$510,419,341 respectively)					<u>278,090,167</u>	<u>510,419,341</u>

\* 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, 2021

## INVESTMENTS, AT FAIR VALUE

	Texas CLASS Fair Value	Texas CLASS Government Fair Value
Other Assets		
Accrued Interest Receivable	\$ 624,869	\$ 43,453
Receivable for Shares Sold	673,200	-
Total Assets	<u>13,394,995,875</u>	<u>1,359,748,660</u>
Less Liabilities		
Administration and Investment Advisory Fees	1,072,105	118,691
Miscellaneous Payable	83,951	-
Payable for Shares Redeemed	28,198	-
Total Liabilities	<u>1,184,254</u>	<u>118,691</u>
Net Assets	<u>\$13,393,811,621</u>	<u>1,359,629,969</u>
Components of Capital		
Capital (Par Value)	13,393,228,488	1,359,597,139
Unrealized Appreciation on Investments	583,133	32,830
Net Assets	<u>\$13,393,811,621</u>	<u>\$1,359,629,969</u>
Outstanding Participant Shares	<u>13,393,228,488</u>	<u>1,359,597,139</u>
Net Asset Value per Share	<u>\$1.00</u>	<u>\$1.00</u>

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

## STATEMENT OF OPERATIONS

(YEAR ENDED JUNE 30, 2021)

	Texas CLASS	Texas CLASS Government
Investment Income	\$36,555,230	\$2,425,567
Expenses:		
Administration and Investment Advisory Fees	13,017,229	1,351,054
Administration and Investment Advisory Fees Waived	-	(103,731)
Administration and Investment Advisory Fees Net	13,017,229	1,247,323
Net Investment Income	23,538,001	1,178,244
Net Realized Gain on Investments	541,918	4,196
Change in Net Unrealized (Depreciation) on Investments	(7,733,666)	(330,903)
Net Realized (Loss) and Unrealized (Loss) on Investments	(7,191,748)	(326,707)
Net Increase in Net Assets Resulting from Operations	\$16,346,253	\$851,537

## STATEMENTS OF CHANGES IN NET ASSETS

(YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020)

	Texas CLASS 2021	Texas CLASS 2020	Texas CLASS Government 2021	Texas CLASS Government 2020
From Investment Activities:				
Net Investment Income	\$23,538,001	\$178,129,660	\$1,178,244	\$11,106,269
Net Change in Unrealized Appreciation/(Depreciation) on Investments	(7,733,666)	7,244,358	(330,903)	268,900
Realized Gain on Investments	541,918	371,108	4,196	-
Net Increase in Net Assets Resulting from Operations	16,346,253	185,745,126	851,537	11,375,169
Distributions to Participants from Net Investment Income	(23,538,001)	(178,129,660)	(1,178,244)	(11,106,269)
Distributions to Participants from Net Realized Gain	(541,918)	(371,108)	(4,196)	-
Net Increase/(Decrease) in Net Assets from Share Transactions	(252,166,071)	3,956,630,723	116,827,245	613,835,440
Net Increase/(Decrease) in Net Assets	(259,899,737)	3,963,875,081	116,496,342	614,104,340
Net Assets:				
Beginning of Period	13,653,711,358	9,689,836,277	1,243,133,627	629,029,287
End of Period	\$13,393,811,621	\$13,653,711,358	\$1,359,629,969	\$1,243,133,627

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



## NOTES TO FINANCIAL STATEMENTS — JUNE 30, 2021

### 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, 2021, 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, 2021 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, 2021)

##### Texas CLASS Portfolio

	Valuation Inputs			
Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 15,618,371	\$ -	\$ 15,618,371
Commercial Paper	-	11,703,704,841	-	11,703,704,841
Money Market Funds	54,817,632	-	-	54,817,632
Repurchase Agreements	-	891,533,719	-	891,533,719
US Government Treasury Securities	-	449,933,076	-	449,933,076
Total	<u>\$54,817,632</u>	<u>\$13,060,790,007</u>	<u>\$ -</u>	<u>\$13,115,607,639</u>

##### Texas CLASS Government Portfolio

	Valuation Inputs			
Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$179,621,691	\$ -	\$179,621,691
Money Market Funds	77,465,276	-	-	77,465,276
Repurchase Agreements	-	40,213,984	-	40,213,984
US Government Agency Securities	-	227,040,575	-	227,040,575
US Government Treasury Securities	-	324,944,340	-	324,944,340
Total	<u>\$77,465,276</u>	<u>\$771,820,590</u>	<u>\$ -</u>	<u>\$849,285,866</u>

\* For the year June 30, 2021, 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, 2021, Texas CLASS portfolio had a deposit balance of \$278,090,167 and Texas CLASS Government portfolio had a deposit balance of \$510,419,341. As a result, approximately 2% of the total assets held by Texas CLASS were concentrated at two banks and 37% of the total assets held by Texas CLASS Government were concentrated at four banks. Interest earned on the investments as a percentage of total interest earned was 1% for Texas CLASS and 46% for Texas CLASS Government for the year ended June 30, 2021. Deposit balances held at BMO Harris Bank, Happy State Bank & Trust Co. and Origin Bank were fully collateralized by irrevocable letters of credit from the Federal Home Loan Bank.

#### Custodian

From July 1, 2020 through March 31, 2021 Wells Fargo served as the custodian for the Trust. Effective April 1, 2021 UMB Bank N.A. began serving 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. The Trust may also use Bank of America N.A., Bank of the West, BMO Harris Bank N.A., Citibank N.A., Citizens Bank N.A., Happy State Bank, JPMorgan Chase Bank N.A., Macquarie Bank Ltd., MUFG Union Bank N.A., Origin Bank, U.S. Bank N.A., and Wells Fargo Bank N.A. as a safekeeping agent for overnight deposit balances.

#### 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, including Federal Home Loan Banks, 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, 2021, 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. Texas CLASS may use Bank of America N.A., Bank of Montreal, BofA Securities Inc., Citigroup Global Markets, Credit Agricole CIB NY, Goldman Sachs & Co., JP Morgan Securities LLC, Royal Bank of Canada NY, UBS Securities LLC and Wells Fargo Bank N.A. as a safekeeping agent for repurchase agreements. Interest earned on repurchase agreements as a percentage of total interest earned accounted for 5% on the Texas CLASS portfolio and 2% on the Texas CLASS Government portfolio for the year ending June 30, 2021.



## 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 settled shares outstanding. For weekend days and holidays, the settled 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, 2021 and 2020 for the Texas CLASS portfolio were as follows:

	2021	2020
Shares sold	16,867,616,593	18,267,962,222
Shares issued on reinvestment of distributions	24,079,919	178,500,768
Shares redeemed	(17,143,862,583)	(14,489,461,101)
Net increase/(decrease)	(252,166,071)	3,956,630,723

At June 30, 2021, no participants held more than a 5% participation interest in Texas CLASS.

Transactions in shares during the twelve months ended June 30, 2021 and 2020 for Texas CLASS Government were as follows:

	2021	2020
Shares sold	1,419,059,941	1,402,431,901
Shares issued on reinvestment of distributions	1,182,440	11,106,269
Shares redeemed	(1,303,415,136)	(799,702,730)
Net increase	116,827,245	613,835,440

At June 30, 2021, 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, 2021. 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

	2021	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	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.002	\$0.016	\$0.025	\$0.016	\$0.009
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.172%	1.715%	2.489%	1.569%	0.906%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$13,393,812	\$13,653,711	\$9,689,836	\$7,391,229	\$6,015,704
Ratio of Expenses to Average Net Assets Gross	0.094%	0.095%	0.097%	0.099%	0.100%
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	0.094%	0.095%	0.970%	0.099%	0.100%
Ratio of Net Investment Income to Average Net Assets	0.171%	1.606%	2.484%	1.611%	0.925%

### Texas CLASS Government

	2021	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	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.001	\$0.013	\$0.023	\$0.014	\$0.006
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.103%	1.469%	2.293%	1.328%	0.362%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$1,359,626	\$1,243,134	\$629,029	\$207,028	\$117,142
Ratio of Expenses to Average Net Assets Gross	0.119%	0.119%	0.120%	0.120%	0.120%
Ratio of Expenses to Average Net Assets Waived	0.009%	0.060%	0.112%	0.120%	0.120%
Ratio of Expenses to Average Net Assets	0.110%	0.059%	0.008%	0.000%	0.000%
Ratio of Net Investment Income to Average Net Assets	0.104%	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 20, 2021, 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

Ms. Yvonne Johnson  
Crosby ISD

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