

TEXPOOL INVESTMENT ADVISORY BOARD MEETING
Thursday, May 28, 2009
Minutes

The TexPool Investment Advisory Board (the “Board”) met at 10:00 a.m. on Thursday, May 28, 2009, at the LBJ State Office Building, 111 E. 17th Street, Room 114, Austin, Texas.

Board Members Present

Pati Buchenau, Jose Elizondo, Jr., John McGrane, Clay McPhail, LaVonne Mason, and Vivian Wood.

Board Members Absent

R. C. Allen and Ron Leverett.

Comptroller of Public Accounts Staff Present

Comptroller Susan Combs and Martin Hubert, Deputy Comptroller.

Texas Treasury Safekeeping Trust Company (“TTSTC”) Staff Present

Paul Ballard, Chief Executive Officer and Chief Investment Officer (“CEO”); Danny Sachnowitz, Deputy Director and Deputy Chief Investment Officer; Frank Zahn, Chief Financial Officer; Marianne S. Dwight, General Counsel; Kathy Bueltel, Program Specialist; Nora Arredondo, Special Projects Coordinator; Dan McNeil, Compliance Officer; Genoveva Minjares, Audit Liaison; and Oscar Ramirez, Trust Operations Manager.

Additional Participants

Amy Michaliszyn, Federated Securities Corp. (“Federated”); Jerry Landrum, Federated; Ed Sanchez, Federated; Paige Wilhelm, Federated; and Steve Newcamp, Federated.

Call to Order

Comptroller Combs declared that a quorum was present and called the meeting to order at 10:00 a.m.

Approval of Minutes (Tab 1)

Motion was made by Mr. Clay McPhail to accept and approve the minutes from the February 11, 2009 Board meeting. Motion was seconded by Ms. Pati Buchenau and unanimously approved by the Board.

Economic Update (Tab 2)

Ms. Paige Wilhelm of Federated reviewed a slide presentation which illustrated the timeline of money market events beginning in September, 2008 to the present. She reported that the Federal Reserve (the “Fed”) lowered interested rates in December to 0-0.25%. Federated expects interest rates to remain low and will continue to monitor and search for securities that will perform best, given this expectation. Ms. Wilhelm also stated that Federated does not expect inflation will occur in 2009.

Ms. Wilhelm reported that TexPool and TexPool Prime portfolios were in compliance with the Texas Public Funds Investment Act (“TPFIA”) and the TexPool and TexPool Prime Investment Policies throughout the quarter. She stated that TexPool’s portfolio balance at the end of March 31, 2009 was approximately \$20.7 billion and TexPool Prime’s portfolio balance was approximately \$1.8 billion.

She reviewed the portfolio characteristics and yields of TexPool and TexPool Prime as illustrated in the report behind Tab 2 and noted that the Pools remained competitive with their peers. Comptroller Combs asked if the current situation in California had any effect on the portfolios and Ms. Wilhelm stated that the portfolios had no exposure to California debt.

Performance Report for 1st Quarter of 2009 and Related Matters (Tab 3)

Mr. Danny Sachnowitz presented an overview of the performance for TexPool and TexPool Prime. He reviewed historical yields for both compared to the Federal Funds rate and other target benchmarks. TexPool and TexPool Prime quarterly and annual rates of return remain competitive with other Texas local government investment pools and have outperformed most over the long term. Both portfolios outperformed their competitors for the first quarter ending 2009. Yields on TexPool and TexPool Prime have exceeded Fed Fund yields. He stated that the portfolios were well positioned in expectation of the declining interest rates.

Participant Service Report and Discussion (Tab 4)

Ms. Amy Michaliszyn introduced Mr. Steve Newcamp, from Federated. Ms. Michaliszyn began her report with a review of the information behind Tab 4 illustrating TexPool and TexPool Prime aggregate assets. She reported that sixteen new participants were added to TexPool and three new participants were added to TexPool Prime during the first quarter of 2009. Federated received five letters of commendation regarding TexPool and TexPool Prime and no complaints were received during the quarter. Several board members also offered their compliments during the meeting.

Mr. Steve Newcamp of Federated presented a slide presentation regarding the TexPool Academy website. TexPool Academy offers online courses for participants. He demonstrated several components and training courses available and others that were currently being developed. Mr. McGrane suggested an email data base that would alert participants when new services were available. Mr. Newcamp also stated that online bill payment services were now available.

Legislative Update

None that affect TexPool or TexPool Prime.

Discussion of Next Meeting and Agenda Items

The Board will try to meet in August or September of 2009 and will be contacted with possible dates.

Public Comments

None

Adjourn

Meeting was adjourned at 11:40 a.m.