

Texas Connect Assigned 'AAAm' Principal Stability Fund Rating

May 23, 2024

CHICAGO (S&P Global Ratings) May 23, 2024--S&P Global Ratings today assigned its 'AAAm' principal stability fund rating (PSFR) to the Texas Connect local government investment pool, advised by Meeder Public Funds Inc. We expect the pool to launch soon. The PSFR reflects our expected view of the creditworthiness of the fund's investments and counterparties, its market price exposure, its investments' maturity structure, and our expectations of management's ability to maintain the fund's net asset value (NAV), including the policies that it has implemented for this purpose.

The 'AAAm' rating is the highest PSFR we assign and indicates an extremely strong capacity to maintain principal stability and to limit exposure to principal losses caused by credit risk. In our view, the fund achieves this through conservative investment practices and strict internal controls. In accordance with stated metrics for 'AAAm' PSFRs, we expect the fund will maintain a diversified portfolio of high-quality fixed-income investments and a short average maturity profile.

The investment objective of Texas Connect is the preservation and safety of invested principal and maintaining suitable liquidity for its participants while maximizing current income. In achieving its objective, the pool is authorized to invest in obligations of the U.S. government and its agencies, state and local obligations, commercial paper, repurchase agreements, money market mutual funds, and obligations of financial institutions such as certificates of deposit. All investments made in Texas Connect will be in accordance with the established processes and procedures for maintaining a stable NAV of \$1.00 per share.

Texas Connect seeks to be compliant with Governmental Accounting Standards Board Statement No. 79 and stated metrics for 'AAAM' PSFRs. In accordance with these standards, we expect the portfolio will hold at least 10% of its assets in daily liquid assets and 30% in weekly liquid assets, and a portfolio maximum weighted average maturity (WAM) of 60 days and a maximum weighted average life (WAL) between 90 and 120 days.

The pool will be offered to municipalities and counties of Texas or nonprofit corporations acting on behalf of these entities. Texas Connect has a Board of Trustees and an Advisory Board composed of designated experienced individuals providing prudent oversight of the investment pool's management. Texas Connect has designated investment officers responsible for investing funds of Texas Connect.

Meeder Public Funds Inc., based in Dublin, Ohio, is the investment adviser for the pool and currently serves as an investment adviser for other S&P Global Ratings rated local government investment pools. Mutual Funds Service Co., an affiliate of Meeder Public Funds Inc., is the administrator for the pool. Meeder Public Funds Inc. has approximately \$54.5 billion in regulatory

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assets under management and \$100.6 billion in assets under advisement across more than 400 public entities. U.S. Bank is the custodian of the pool.

Related Criteria

- Criteria | Financial Institutions | Fixed-Income Funds: Principal Stability Fund Rating Methodology, June 23, 2016

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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