



To: Board of Trustees  
From: Ryder Warren, Ed.D., Superintendent of Schools  
Subject: November Financial and Investment Report  
Date: January 30, 2020

---

**Background Information and Rationale:** All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. Gov't Code 2256.026

**Support of Strategic Goals:**

- Students will achieve success through meaningful learning experiences, innovative pathways, and personalized opportunities.
- Northwest ISD will recruit, value, and retain exceptional staff to create a rewarding learning environment.
- Northwest ISD will create and foster an environment where all stakeholders are engaged in the transformational work of the NISD family.

**Budget and/or Fund Impact:**

The Combined Statement of Revenues, Expenditures and Changes in Fund Equity for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Outlay Funds, and Totals (Memorandum Only) report activity for all funds through November, 2019.

The Investment Report, prepared by the District's investment advisors, First Southwest Asset Management, Inc., encompasses the month ending November 2019, and is submitted in accordance with the provisions of the Public Funds Investment Act.

There were no maturities in the month of November.

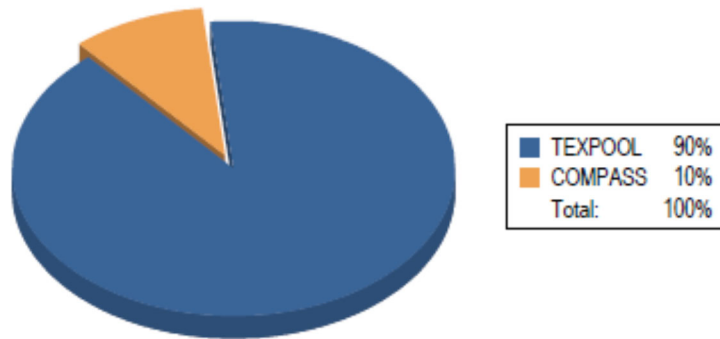
There were no purchases in the month of November.

Investments for the District’s General Fund, Debt Service Funds, Capital Projects Funds, and Internal Service Funds total \$163,069,525.59 as of November 30, 2019.

<u>Fund</u>	<u>Yield to Maturity</u>	<u>Market Value</u>
General Fund	1.688%	\$ 60,486,942.16
Special Revenue Funds	1.677%	171,090.07
Debt Service Funds	1.677%	36,187,797.47
Capital Projects AFB Funds	1.677%	411,022.25
Capital Projects Funds	<u>1.719%</u>	<u>65,812,673.64</u>
<b>Total</b>	<b>1.698%</b>	<b>\$163,069,525.59</b>

Board Policy states that, “The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.”

**Investment Instruments and Financial Institutions**



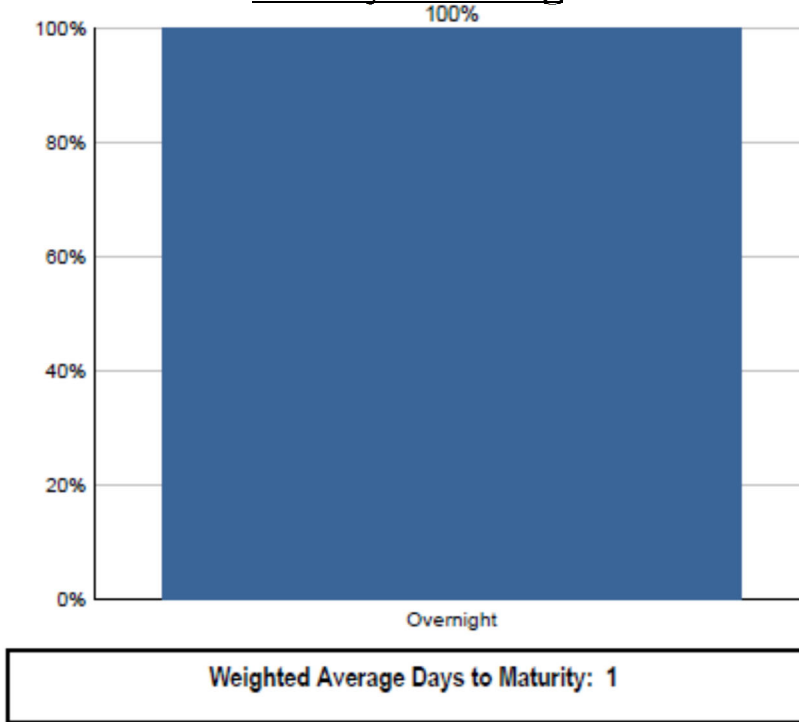
**Portfolio Composition by Security Type**

Treasury	0%
Local Government Investment Pool	90%
Bank Deposit	10%
Agency Bullet	0%
Agency Disco	0%
Certificates of Deposit	0%

**Portfolio Composition by Issuer**

Treasury	0%
TexPool	90%
Compass	10%
FHLB	0%
FNMA	0%
Greenbank	0%

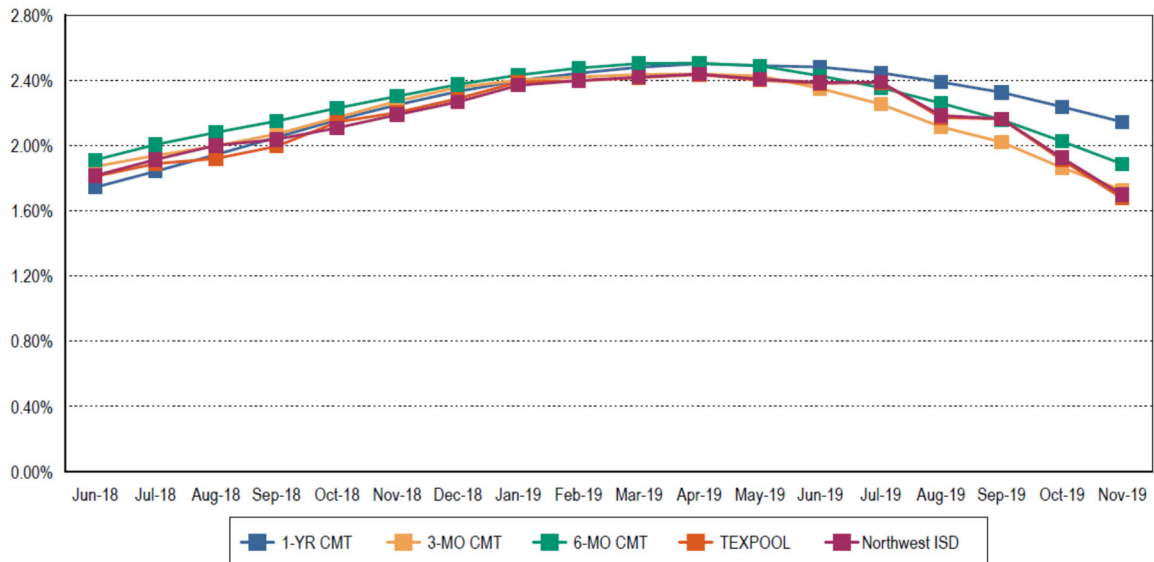
## Maturity Scheduling



## Maturity Schedule

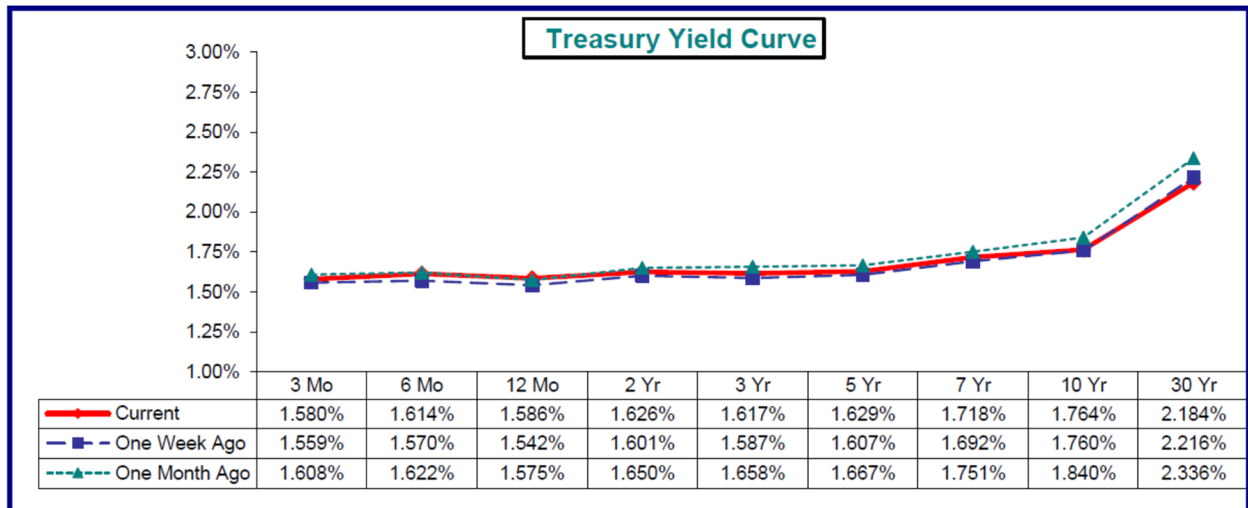
Overnight	100%	\$ 163,069,525.59
0 – 3 Months	%	\$
3 – 6 Months	%	\$
6 – 12 Months	%	\$

## Benchmark Comparison



**Note 1:** CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMTs are the daily averages for the previous 12-months.

**Note 2:** Benchmark data for TexPool is the monthly average yield.



## A TexPool Monthly Newsletter: December 2019

### Economic and Market Commentary: Searching for precision

“Some,” “a couple,” “a few,” “most.” If you are looking for precise numbers in the minutes of a Federal Open Market Committee (FOMC) meeting, you will be disappointed. They don’t mention names at all, and when they refer to how many officials agreed on a given point, they use vague quantifiers.

With the Federal Reserve shifting policy after a summer and fall of rate cuts, scouring the document is still worthwhile. In this case, the minutes from the October FOMC meeting simply confirmed what the statement and Chair Jerome Powell said. Policymakers feel it’s time to see what the effect of the rate cuts are on the economy. They are going to rely on the data—there’s the precision!—to give them direction. With the economy showing moderate growth, underpinned by that remarkable labor market and moderate inflation, they are on hold now unless something drastic alters the economic path. The Fed doesn’t generally act on a month’s worth of data.

Actually, the last policy-setting meeting of the year on Dec. 10-11 might result in an “all.” A flurry of speeches by Fed governors and regional presidents in the last few weeks suggest there won’t be any dissenters to the vote, which will almost certainly leave rates unchanged. If so, that would be the first unanimous vote since May.

How this all shakes out in 2020 depends on many factors, but fed funds futures aren’t predicting any move until the second half. One thing certain is the complexion of the FOMC will change. Every year, four of the regional presidents

roll off from being voting members and four new ones take their place. The two who dissented the most this year—Esther George and Eric Rosengren —will not have a vote in 2020. However, as best we can tell, the new group will be a mix of hawks and doves, on net not changing the overall policy stance.

So where does this put liquidity products? In a good position again. With cuts likely behind us for now, the core attributes of relative safety, liquidity and diversity can play their traditional role for investor portfolios—especially as other asset classes have swayed with the state of the U.S.-China trade war and other uncertainties. With the Treasury yield curve no longer inverted and the London interbank offered rate (Libor) positively sloped, investors are getting some risk premium for going out the curve.

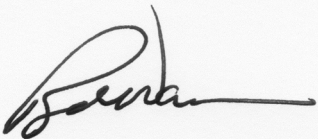
We were opportunistic with our purchases in November, open to just about any approved investment: asset-back securities, bank instruments, commercial paper, government securities, Treasuries, etc. The Treasury yield curve ended November with 1-month at 1.62%, 3-month at 1.59%, 6-month at 1.62%. Libor ended November with 1-month at 1.70%, 3-month at 1.91% and 6-month at 1.90%. The weighted average maturity (WAM) at month-end was 36 days for both TexPool and TexPool *Prime*.

Earnings from Temporary Deposits and Investments are \$249,086.50 November and \$2,014,427.96 year-to-date for all funds.

<u>Fund</u>	<u>Month</u>	<u>Year-To-Date</u>
General Fund	\$ 89,655.45	\$ 738,122.40
Special Revenue Funds	235.58	1,472.74
Debt Service Funds	46,060.03	331,743.59
Capital Projects Funds	112,569.53	939,551.30
Capital Project Funds AFB	<u>565.91</u>	<u>3,537.93</u>
<b>Total</b>	<b>\$ <u>249,086.50</u></b>	<b>\$ <u>2,014,427.96</u></b>

**Recommendation:** Review the enclosed Financial and Investment Report.

Respectfully submitted,




---

Ryder Warren, Ed.D., Superintendent




---

Brian Carter, Chief Financial Officer