



To: Board of Trustees
From: Ryder Warren, Ed.D., Superintendent of Schools
Subject: March Financial and Investment Report
Date: April 27, 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 March 2020.

The Investment Report, prepared by the District's investment advisors, First Southwest Asset Management, Inc., encompasses the month ending March 2020, and is submitted in accordance with the provisions of the Public Funds Investment Act.

There were no maturities in the month of March.

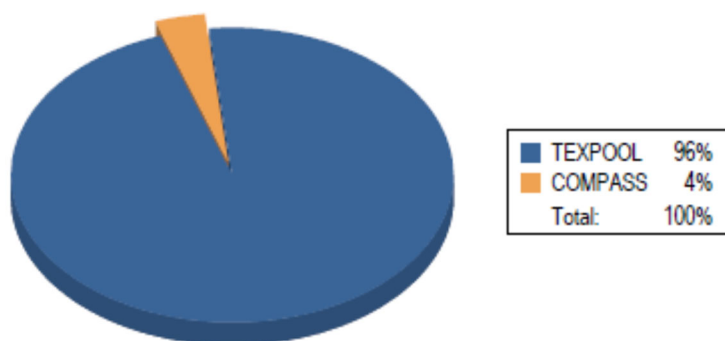
There were no purchases in the month of March.

Investments for the District’s General Fund, Debt Service Funds, Capital Projects Funds, and Internal Service Funds total \$256,508,111.09 as of March 31,2020.

<u>Fund</u>	<u>Yield to Maturity</u>	<u>Market Value</u>
General Fund	1.013%	\$170,398,161.17
Special Revenue Funds	1.003%	171,920.89
Debt Service Funds	1.003%	57,867,270.12
Capital Projects AFB Funds	1.003%	413,017.96
Capital Projects Funds	<u>1.153%</u>	<u>27,657,740.95</u>
Total	1.026%	\$256,508,111.09

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



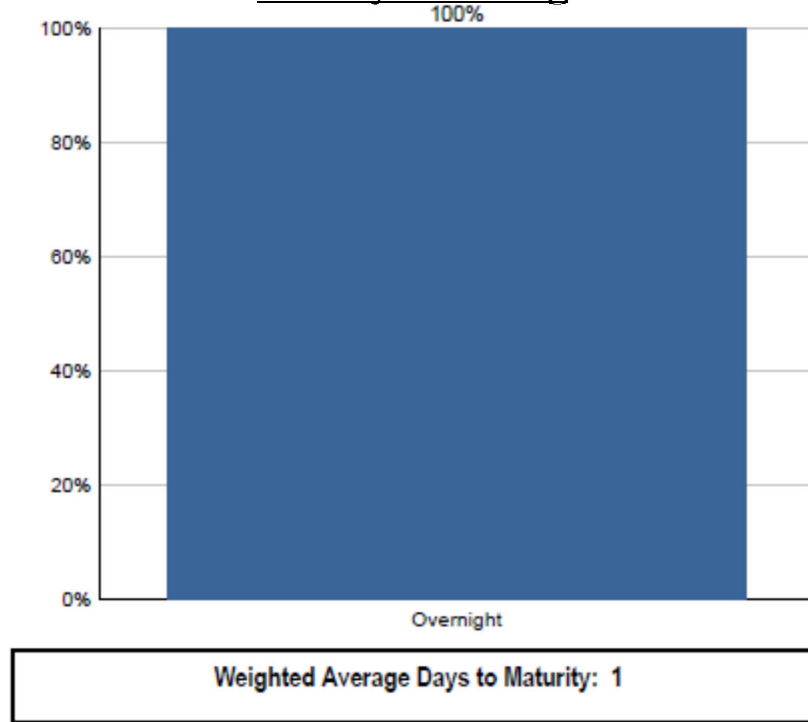
Portfolio Composition by Security Type

Treasury	0%
Local Government Investment Pool	96%
Bank Deposit	4%
Agency Bullet	0%
Agency Disco	0%
Certificates of Deposit	0%

Portfolio Composition by Issuer

Treasury	0%
TexPool	96%
Compass	4%
FHLB	0%
FNMA	0%
Greenbank	0%

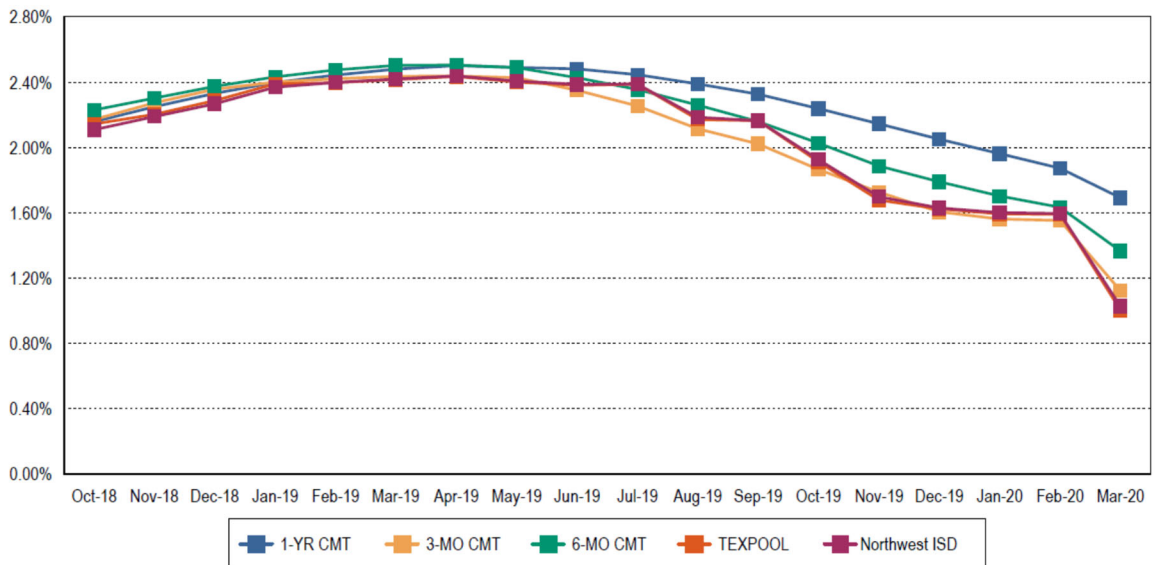
Maturity Scheduling



Maturity Schedule

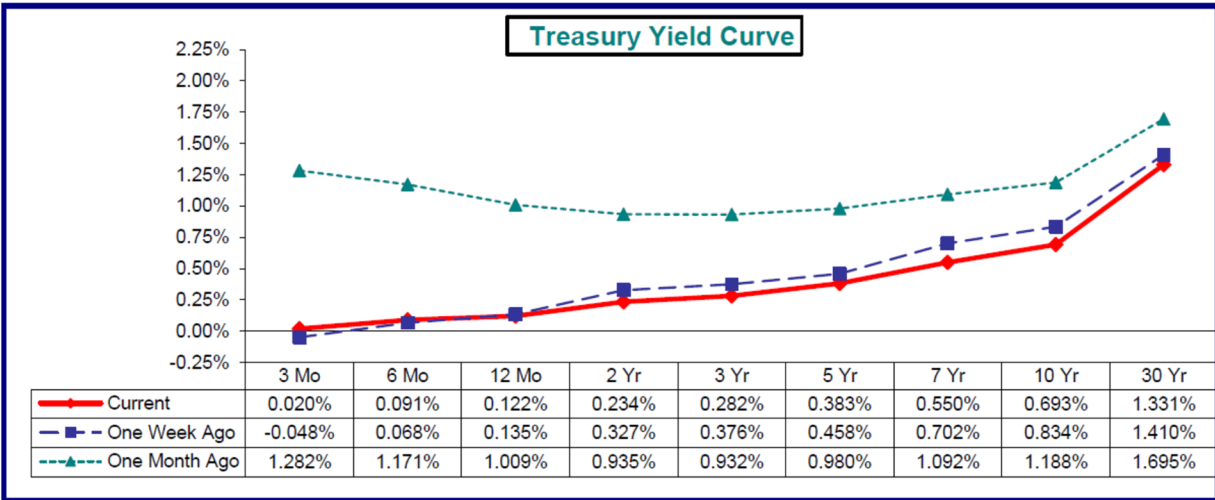
Overnight	100%	\$ 256,508,111.09
0 – 3 Months	%	\$
3 – 6 Months	%	\$
6 – 12 Months	%	\$

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: April, 2020

Economic and Market Commentary: Liquidity market meets the challenge

In what is a month all would like to forget; we believe investors will look back on March and recognize the robustness of the liquidity market during the coronavirus crisis. In times of financial strain, the Federal Reserve should be a partner. It has been just that, from the rate cut of 50 basis points on March 3 to the initiation of new programs to boost cash flow across markets and main streets. Chair Powell has pulled out many tools from the policy toolbox, and that support has been effective even through times of tremendous concern and stress. Liquidity is abundant and transactions generally are occurring smoothly.

After historic inflows and unprecedented buying of Treasuries that pushed some of the shortest bills into negative yields—not negative rates, which we still do not anticipate the Treasury yield curve appears to be returning to an upward slope. We think demand for U.S. government debt will subside as the Fed reduces its purchases and because the fiscal stimulus package approved by Congress will require the government to raise a great deal of cash in a short period of time. The logical place to do so is through issuing Treasury bills. Also, if the markets stabilize as uncertainty around the coronavirus abates, the extreme demand for Treasuries may subside. All of these should help to push yields on short-term Treasuries back into positive territory.

The Fed's Money Market Mutual Fund Liquidity Facility (MMLF) has worked well to date. This is not to say the system is back to normal. Bid/ask spreads, while narrowing daily, remain high at times. As the velocity and amount of paper being placed in the market becomes more predictable, this spread should

continue to shrink. We expect operations to improve further when the Fed's Commercial Paper Funding Facility (CPFF) begins in mid to late April and as its Primary Dealer Credit Facility (PDCF) continues.

As a whole, the industry and the Fed have emerged on the other side of March in good shape. All Federated Hermes pools are fully operational and have liquidity in excess of regulatory requirements. We expect the Fed to keep the fed funds target rate range at 0-0.25% for the near future, but do not foresee a sustained zero-rate environment.

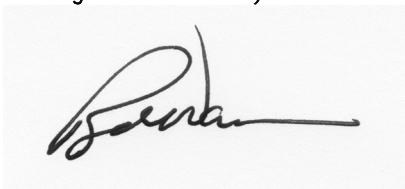
Treasuries ended the month with 1-month at 0.04%, 3-month at 0.13%, 6-month at 0.16% and 12-month at 0.18%; the London interbank offered rate (LIBOR) ended the month with 1-month at 0.99%, 3-month at 1.45%, 6-month at 1.18% and 12-month at 1.00%; The weighted average maturity (WAM) at month-end was 32 days for TexPool and 45 days for TexPool *Prime*. Participant Services

Earnings from Temporary Deposits and Investments are \$246,389.37 March and \$3,348,723.12 year-to-date for all funds.

<u>Fund</u>	<u>Month</u>	<u>Year-To-Date</u>
General Fund	\$ 156,128.04	\$ 1,470,070.80
Special Revenue Funds	146.37	2,303.56
Debt Service Funds	48,918.58	655,645.87
Capital Projects Funds	40,844.69	1,215,169.25
Capital Project Funds AFB	<u>351.69</u>	<u>5,533.64</u>
Total	\$ <u>246,389.37</u>	\$ <u>3,348,723.12</u>

Recommendation: Review the enclosed Financial and Investment Report.

Respectfully submitted,



Ryder Warren, Ed.D., Superintendent



Brian Carter, Chief Financial Officer