



To: Board of Trustees
From: Ryder Warren, Ed.D., Superintendent of Schools
Subject: February Financial and Investment Report
Date: April 13, 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 February 2020.

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

There were no maturities in the month of February.

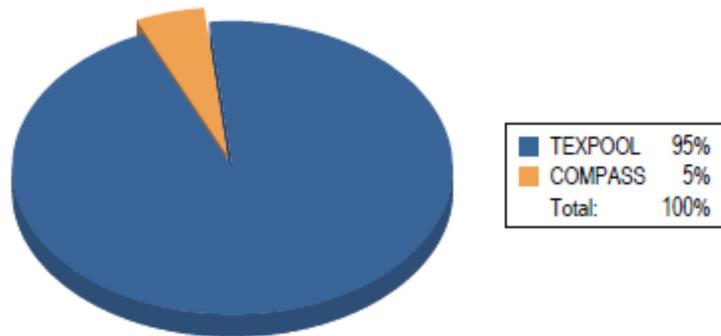
There were no purchases in the month of February.

Investments for the District’s General Fund, Debt Service Funds, Capital Projects Funds, and Internal Service Funds total \$285,326,467.77 as of February 29,2020.

<u>Fund</u>	<u>Yield to Maturity</u>	<u>Market Value</u>
General Fund	1.593%	\$183,217,698.16
Special Revenue Funds	1.591%	171,774.52
Debt Service Funds	1.591%	56,970,807.91
Capital Projects AFB Funds	1.591%	412,666.27
Capital Projects Funds	<u>1.612%</u>	<u>44,553,520.91</u>
Total	1.595%	\$285,326,467.77

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



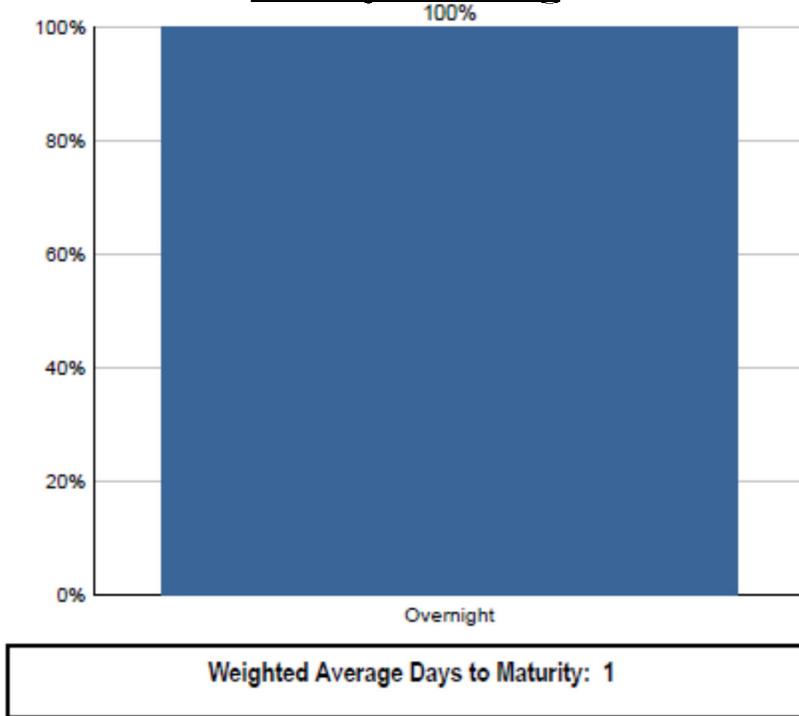
Portfolio Composition by Security Type

Treasury	0%
Local Government Investment Pool	95%
Bank Deposit	5%
Agency Bullet	0%
Agency Disco	0%
Certificates of Deposit	0%

Portfolio Composition by Issuer

Treasury	0%
TexPool	95%
Compass	5%
FHLB	0%
FNMA	0%
Greenbank	0%

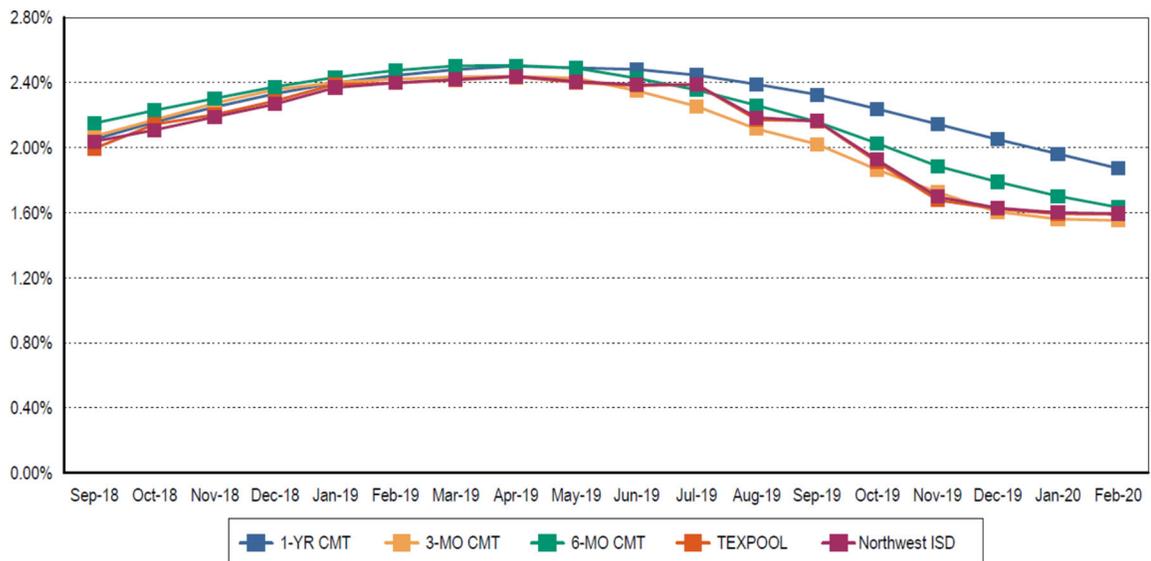
Maturity Scheduling



Maturity Schedule

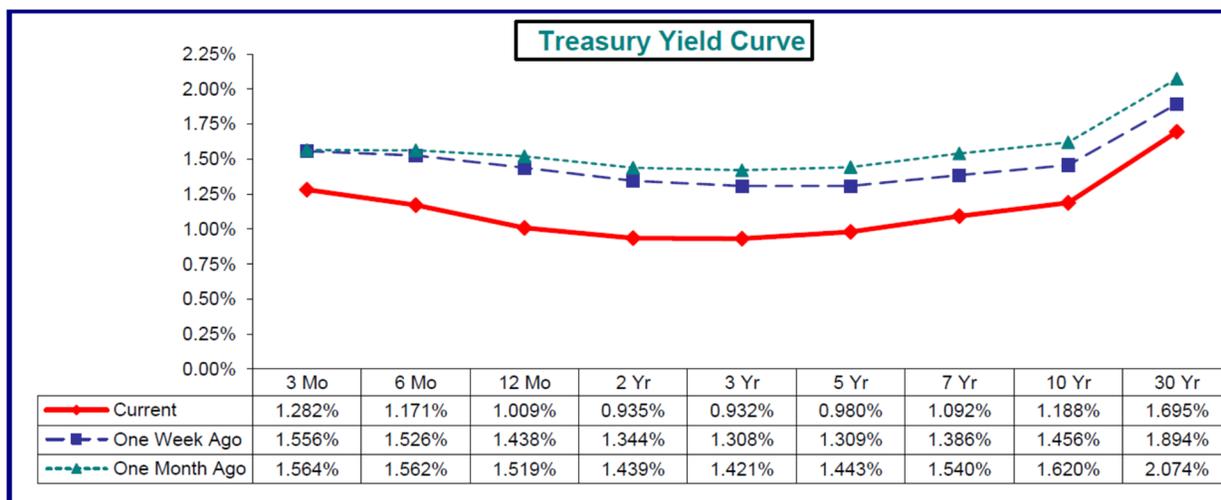
Overnight	100%	\$ 285,326,467.77
0 – 3 Months	%	\$
3 – 6 Months	%	\$
6 – 12 Months	%	\$

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 CMT's are the daily averages for the previous 12-months.

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



A TexPool Monthly Newsletter: March, 2020

Economic and Market Commentary: Is it ‘material’?

February seems like years ago. As December and January data flowed in early in the month with positive reports on manufacturing, housing, employment and retail sales, the Federal Reserve looked pretty smart saying it would refrain from policy moves unless there were “material” changes to the economy.

Well, the coronavirus now qualifies as one. When the outbreak reached Europe and the U.S. as the month ended, it hit close to home. You don’t have to have your eyes glued to a screen to know this outbreak will be with us for a while and that it will have some economic impact. But will it be material and, in turn, how should the Fed react?

Investors seemingly have made up their minds that the virus’ effect will be significant and expect a rate cut at March’s Federal Open Market Committee meeting, if not earlier. While a cut is likely forthcoming, the markets seem to want the Fed to fear the future as much as they do. Policymakers must make clear they make their own decisions—that they indeed operate independently. Just like the market shouldn’t fight the Fed, the Fed can’t be led by it.

To that point, in the last week of the month, Fed Vice Chair Richard Clarida acknowledged the virus likely would disrupt the global economy but it was too soon to speculate about how large that might be and how long it would last. Fed Chair Jerome Powell followed up on Feb. 28 by saying that policymakers stood

at the ready and will, “act as appropriate to support the economy.” The Fed likely is viewing the virus like a natural disaster: it wants to get ahead of it, but not make things worse. Its job is to forge monetary policy consistent with the broadest point of view. We expect it to do so in the coming weeks and hope it guides the market in the right direction.

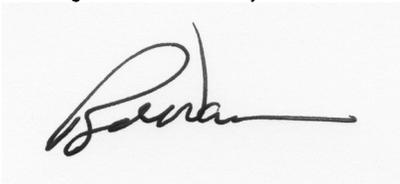
Concern over the coronavirus drove the U.S. Treasury yield curve down as February ended, with 1-month finishing at 1.48%, 3-month at 1.30% and 6-month at 1.16%. The London interbank offered rate (Libor) curve also fell, ending February with 1-month at 1.52%, 3-month at 1.46% and 6-month at 1.40%. The weighted average maturity (WAM) at month-end was 30 days for TexPool and 43 days for TexPool *Prime*.

Earnings from Temporary Deposits and Investments are \$406,583.93 February and \$3,102,333.75 year-to-date for all funds.

<u>Fund</u>	<u>Month</u>	<u>Year-To-Date</u>
General Fund	\$ 242,177.40	\$ 1,313,942.76
Special Revenue Funds	216.90	2,157.19
Debt Service Funds	98,422.98	606,727.29
Capital Projects Funds	65,245.73	1,174,324.56
Capital Project Funds AFB	<u>520.92</u>	<u>5,181.95</u>
Total	\$ 406,583.93	\$ 3,102,333.75

Recommendation: Review the enclosed Financial and Investment Report.

Respectfully submitted,



Ryder Warren, Ed.D., Superintendent



Brian Carter, Chief Financial Officer