

Alief Independent School District
Board Meeting
January 15, 2019



Annual Investment Review

Two US twenty-dollar bills are shown in the top-left corner, overlapping each other. The top bill is clearly visible, showing the portrait of Andrew Jackson and the serial number BE 78772823D. The bottom bill is partially obscured.

Investment Policy Summary

- Public Funds Investment Act provides the framework for Board policies related to investments
- CDA(Local) & CDA(Legal) policies in place
 - Policies cover investment objectives, approved types of investments, internal controls, performance standards and reporting
 - CDA (Local) last updated in Nov 2017
 - No policy changes are required at this time



Investment Reports

- Quarterly investment reports are submitted to Board
 - Book value & market value of all investments
 - Investment earnings
 - Summary by investment type
 - Maturity schedule
- Annual review of internal controls and quarterly investment reports included in the audit performed by our independent auditors

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Investment Objectives

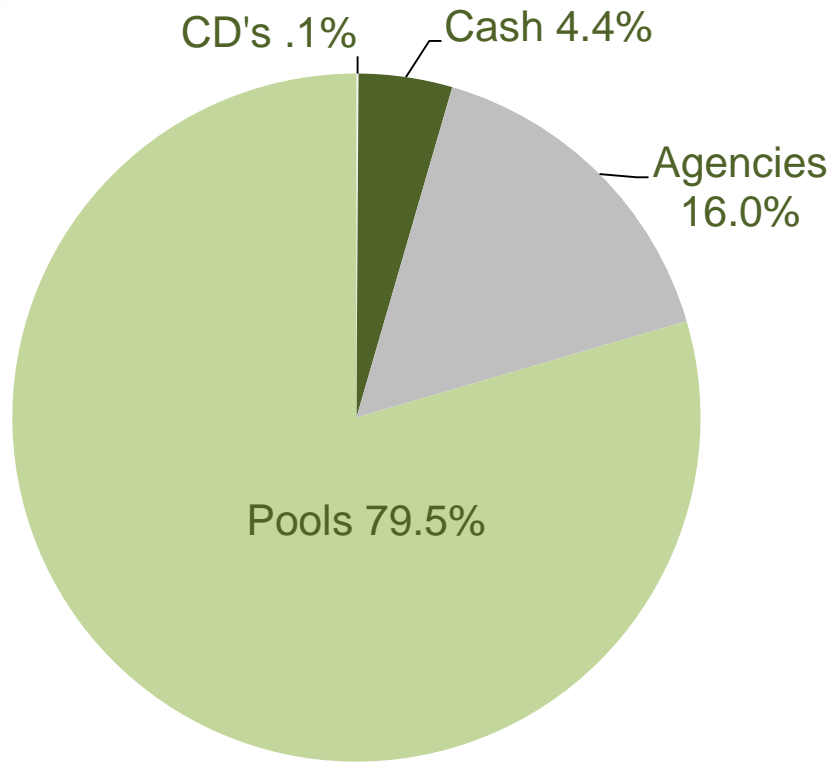
- Preservation and safety of principal
 - “Low risk” investment – credit risk/market risk
- Liquidity
- Yield
- Diversity



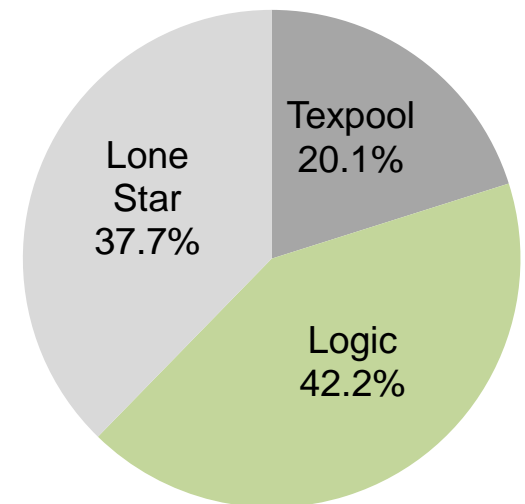
Investment Summary-by Type

	Book Value 12/31/2018
<i>Frost Bank</i>	\$ 9,266,046
<i>Texpool</i>	34,038,255
<i>Logic</i>	71,378,654
<i>LoneStar</i>	63,783,103
<i>Certificates of Deposit</i>	200,000
<i>Agency Notes</i>	34,018,000
	<u>\$ 212,684,058</u>

Investment Summary-by Type



Pools Breakdown





Investment Summary-by Fund

	Book Value 12/31/2017	Book Value 12/31/2018
<i>General</i>	\$ 129,774,970	\$ 144,821,120
<i>Debt Service</i>	23,446,167	22,001,172
<i>Construction</i>	57,669,983	30,092,988
<i>Food Service</i>	11,100,889	7,783,519
<i>Insurance</i>	3,583,797	7,985,259
	<u>\$ 225,575,806</u>	<u>\$ 212,684,058</u>

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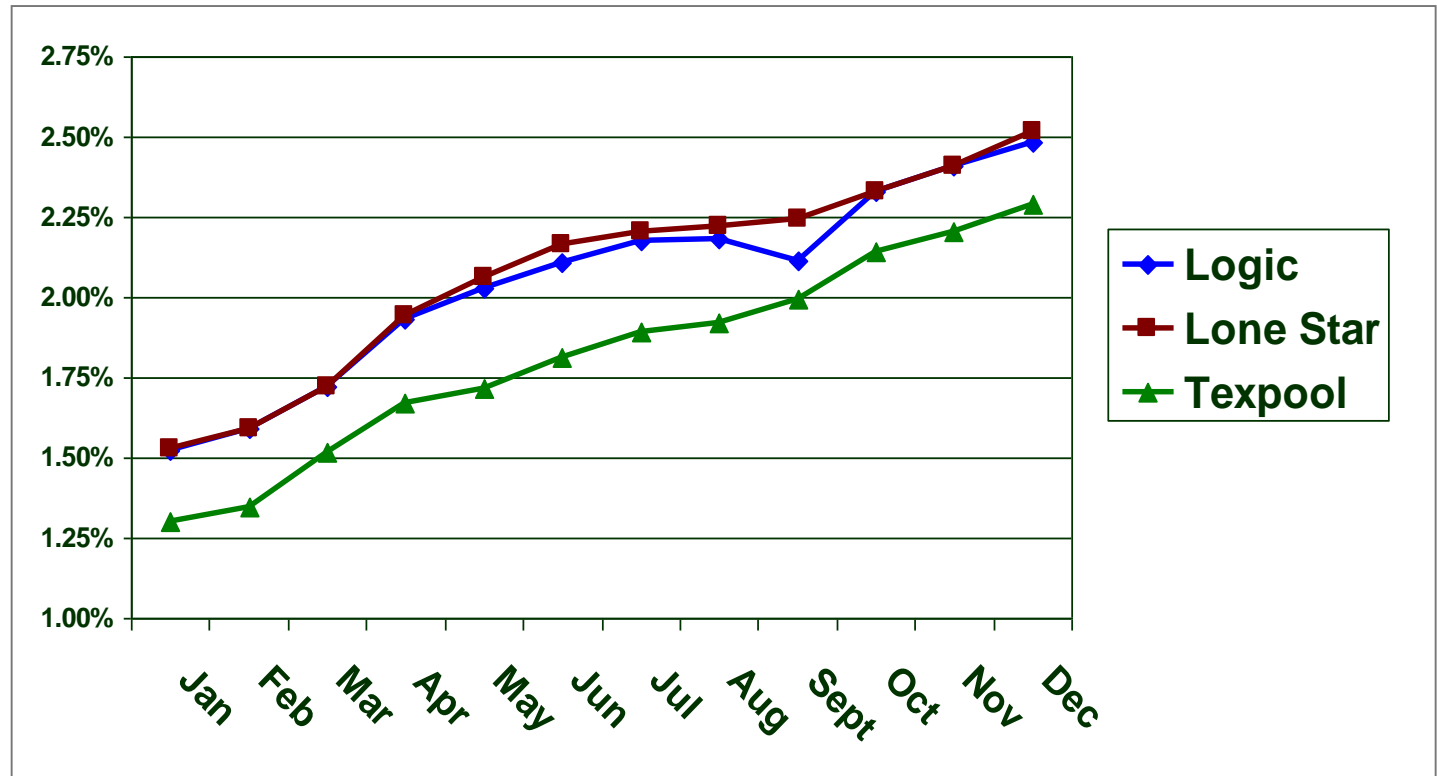
Investment Pools

- Investment pools offer a safe, efficient and liquid investment alternative to local governments
 - Economies of scale
 - Professional investment expertise
- Three pools used are rated AAA by Standard & Poor's
 - Extremely strong capacity to maintain principal stability
 - Limits exposure to credit, market & liquidity risks



Investment Pool Rates

January – December, 2018 (monthly averages)





Authorized Brokers

At least annually the Board shall review and approve a list of qualified brokers that are authorized to engage in investment transactions with the District.

Coastal Securities – John B. Saragusa II

Wells Fargo – Susan Ward

Cantor Fitzgerald & Co. – Gil Ramon

Multi-Bank Securities – Luigi Mancini

Global Financial Services – Javier Altimari

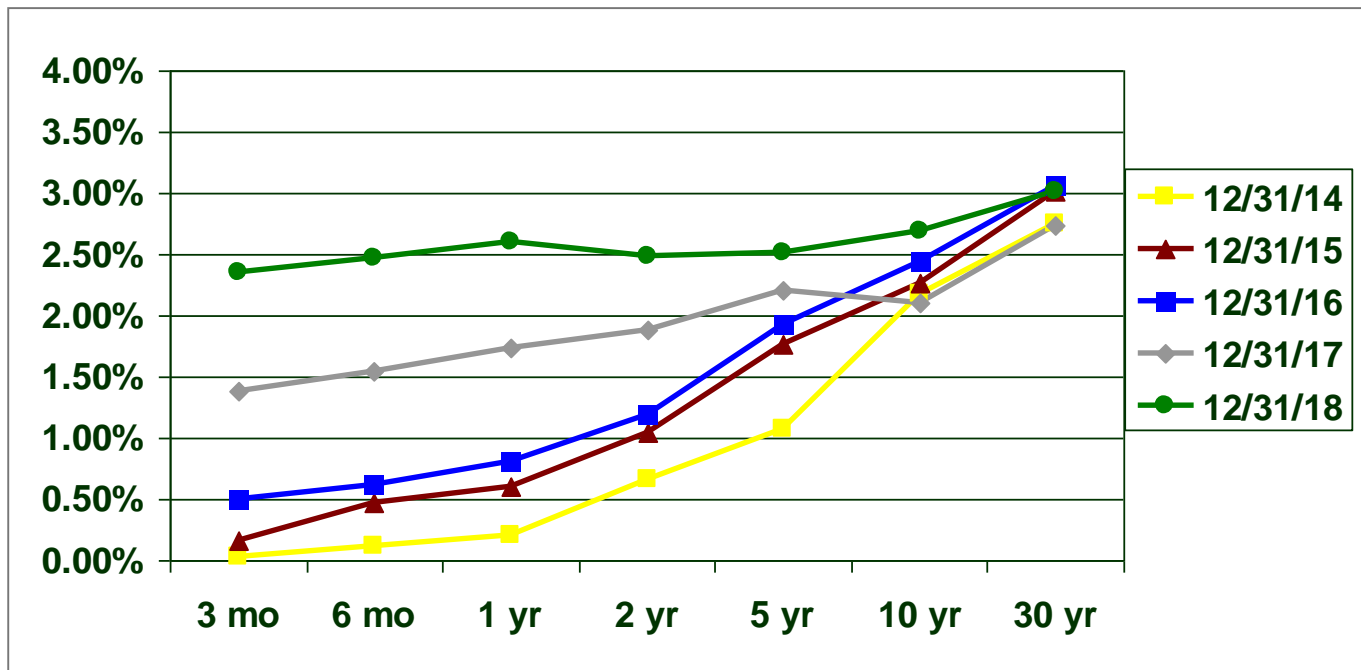
Ramirez & Co. – Tracy Marcus

Raymond James – Phil Hartigan



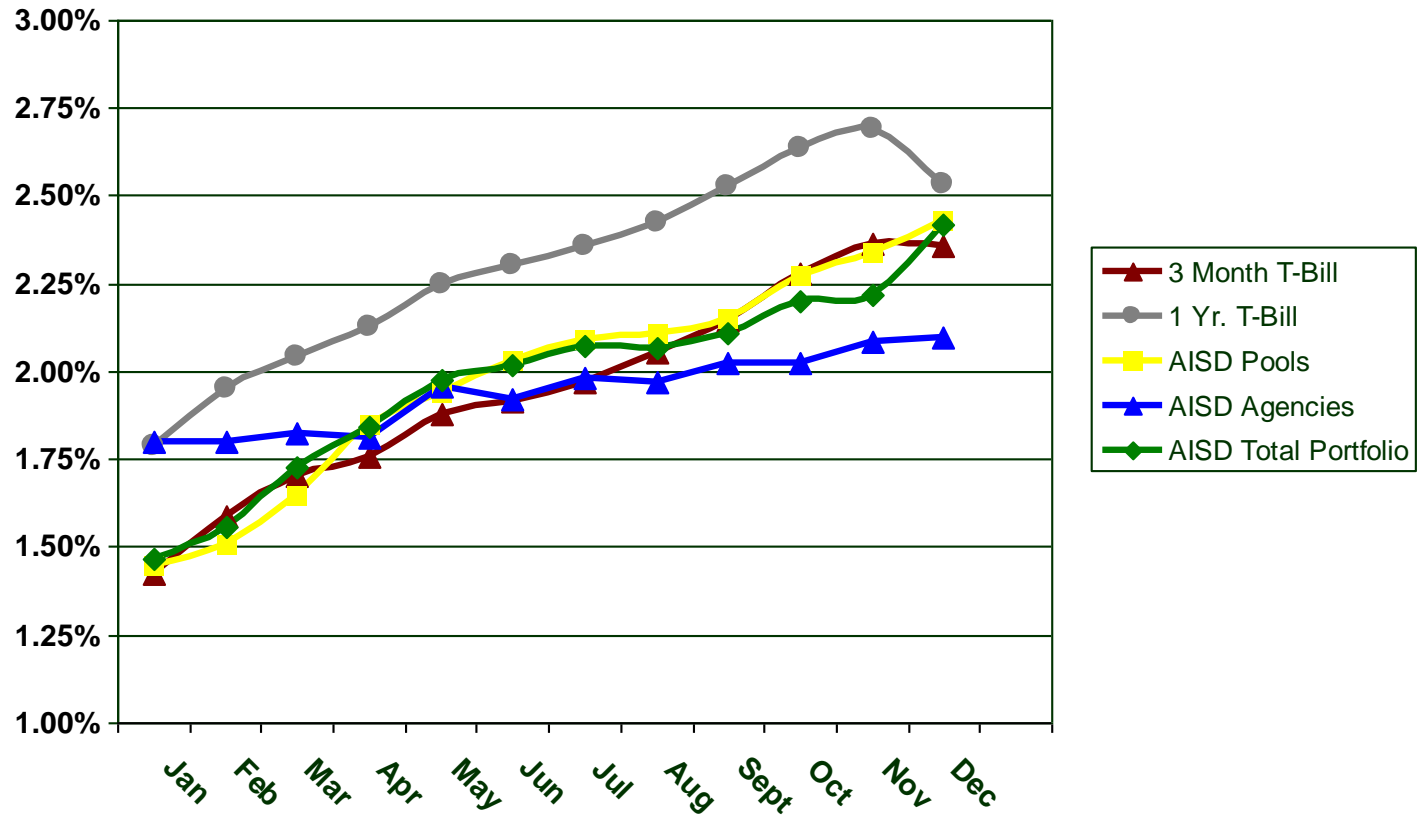
Yield Curve

Historical Comparison



AISD Portfolio vs. Benchmarks

January – December, 2018 (monthly averages)



Interest Earnings – by Fund

Compared to Prior Years



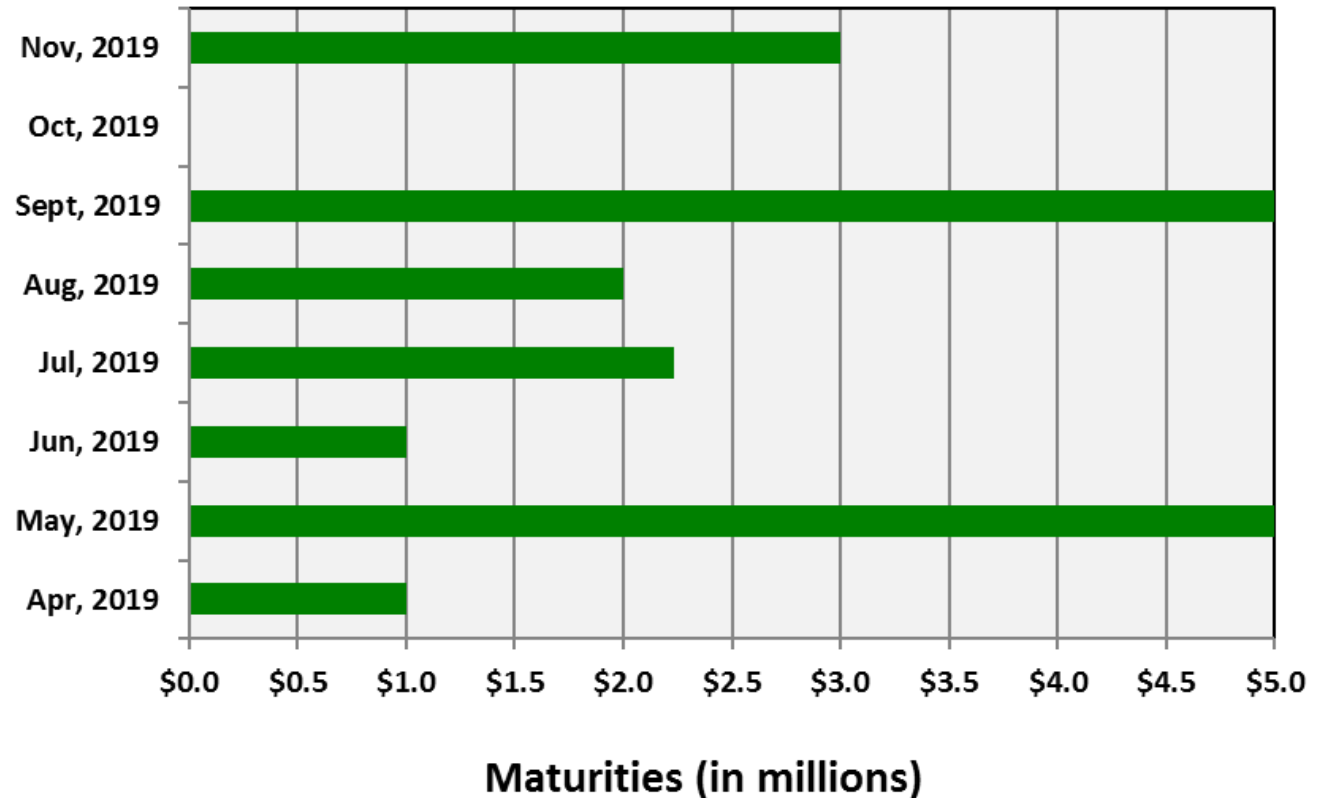
Earnings for the years ended

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
<i>General</i>	\$ 130,812	\$ 215,589	\$ 593,146	\$ 1,221,340	\$ 2,299,640
<i>Food Service</i>	11,745	19,311	44,890	84,797	136,532
<i>Debt Service</i>	17,501	33,049	126,919	370,115	454,500
<i>Capital Projects</i>	17,361	33,363	284,812	802,460	1,039,060
<i>Internal Service</i>	4,799	6,527	28,023	45,780	96,209
	<u>\$ 182,218</u>	<u>\$ 307,839</u>	<u>\$ 1,077,790</u>	<u>\$ 2,524,492</u>	<u>\$ 4,025,941</u>
 <i>1 yr Treasury rate average for year</i>	 0.11%	 0.30%	 0.60%	 1.19%	 2.30%

Note - earnings exclude the year-end adjustment to fair market value.

Maturity Schedule - Unreserved

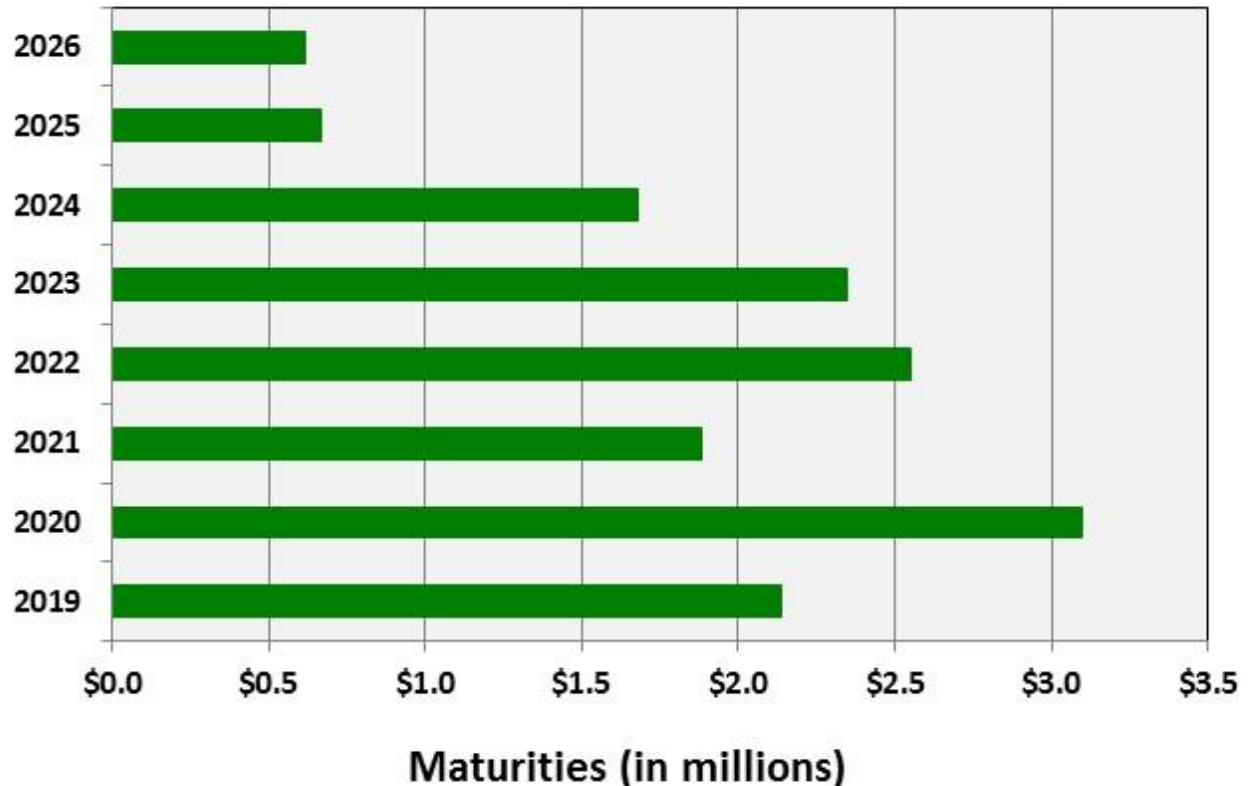
Investments Owned at 12/31/18



Maturity Schedule – Reserved

Investments Owned at 12/31/18

Reserved for 2009 & 2010 QSCB Bonds payable in 2024 & 2027





Cash Management Goals

- Ensure proper collateralization of deposits
- Ensure adequate balances to cover cash disbursement needs
- Maximize interest earnings
- Minimize bank charges

The image shows two US twenty-dollar bills, one slightly overlapping the other, positioned in the top-left corner of the slide. The bills are partially cut off by the edge of the frame. The top bill features the portrait of Andrew Jackson and the serial number BE 78772823 D. The text 'THE UNITED STATES OF AMERICA' and 'TWENTY DOLLARS' is visible on the bills.

Investment Strategy

The following investment strategy is designed to meet our investment objectives and ensure the safety and liquidity of District funds.

- Invest the portfolio fully based on projected cash flow forecasts while minimizing bank charges.
- Stay in short to medium term highly rated liquid investments to avoid market risk and credit risk.
- Maintain liquidity base invested in pools to provide for short term disbursement needs.
- Study investment alternatives and monitor market conditions.

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Approval of Ordinance

The Public Funds Investment Act and policy require the Board to adopt an ordinance stating that it has reviewed the investment policy and investment strategies.