TORNILLO INDEPENDENT SCHOOL DISTRICT

Finance Services

MEMORANDUM

To: Members of the Board of Trustees

From: Luis M. Guerra, Director of Finance

Subject: Quarterly Investment Report – Quarter Ending September 30, 2025

Date: October 29, 2025

Introduction

This report presents a comprehensive look at the investment program and activity of the Tornillo Independent School District (TISD) for the quarter ending September 30, 2025. The Public Funds Investment Act requires quarterly reporting of investment activity and balances.

The investment objectives of preservation and safety of principal, liquidity and yield drive investment activities. These objectives dictate the types of investment vehicles that the TISD utilizes.

As of September 30, 2025, the TISD had funds invested in the Lone Star Investment Pool and at WestStar Bank. At WestStar Bank, the TISD has interest bearing and earnings credit accounts.

Analysis of Investment Performance

The focus of the investment program is the preservation and safety, liquidity and yield of invested funds. Funds must be available to meet daily cash requirements, as well as short-term and long-term needs. Maximizing investment yields are only considered after the other investment objectives have been met. Investment yields are reported for the quarter ending September 30, 2025.

The TISD began the quarter with $5,915,265 in invested funds. This amount decreased to $5,465,219 mainly resulting from less local tax revenue and fund balance expenditures.

The majority of TISD invested funds are invested in corporate overnight funds. The quarter began with the corporate overnight fund yield of 4.4528% and ended with a corporate overnight fund yield of 4.4173%.

General Fund – Corporate Overnight Fund

General Fund investments are restricted by payroll pay dates and accounts payable check runs, since payments for all non-student activity funds are initially paid out of this fund. Transfers are made as needed from the Lone Star Investment Pool to WestStar bank to cover cash disbursements. The invested balance in the General Fund began the quarter with $5,097,050 in invested funds and ended the quarter with a balance of $4,837,135. The decrease is mainly due to fund balance expenditures and less foundation revenue.

Investment	Apr-June	July-Sept	Change
Lone Star	$4,935,929	$4,667,298	($268,631)
WestStar	162,021	169,837	7,815
Total	**$5,097,950**	**$4,837,135**	**($260,815)**

Interest and Sinking Fund – Corporate Overnight Fund

Interest and Sinking (I&S) Fund investments are restricted to the payment of the TISD debt. The invested balance in the I&S Fund began the quarter with $548,188 invested funds and ended the quarter with a balance of $355,962. The decrease is due to less state and local aid received in the quarter. Bond payment in the amount of $199,781 was be made on August 1, 2025.

Investment	Apr-June	July-Sept	Change
Lone Star	$399,400	$342,932	($56,468)
WestStar	148,788	13,030	(135,758)
Total	**$548,188**	**$355,962**	**($192,226)**

Maintenance Tax Note – Corporate Overnight Fund

The Maintenance Tax Note Fund began the quarter with an invested balance of $269,125 ended the quarter with a balance of $272,121. The increase in invested funds is attributed to interest earnings of $2,996 received during the quarter.

Conclusion

The District will continue to monitor the yields in longer-term investments. Monthly yields have decreased over the course of the quarter and are currently as competitive as yields in long-term investments. The District will continue to use governmental investment pools and should consider fixed maturity investments when available. As the district's investment officer, I will continue to seek investment opportunities after investment preservation and safety, liquidity and yield are considered. The investment portfolio has met the Public Funds Investment Act and the Board's investment policy requirements throughout the quarter.

Luis Guerra

Luis M Guerra, Investment Office

Tornillo Independent School District

Quarterly Investments Report
As of September 30, 2025

Description	Maturity Date	6/30/2025 Interest Rate*	6/30/2025 Book Value	9/30/2025 Book Value	6/30/2025 Market Value	9/30/2025 Market Value	Change in Book Value	Change in Market Value	Accrued Interest
Lone Star Investment Pool (Cash & Cash Equivalents)									
General Fund (199-1107)	On Demand	4.4173%	$4,935,928.62	$4,667,297.64	$4,935,650.80	$4,667,941.32	-5.44%	-5.42%	$ 48,216.37
M & O Tax Note 2008 (197-1107)	On Demand	4.4173%	$269,125.40	$272,121.66	$269,110.26	$272,159.19	1.11%	1.13%	$ 2,996.26
Interest & Sinking Fund (599-1107)	On Demand	4.4173%	$399,399.83	$342,931.93	$399,377.36	$342,979.22	-14.14%	-14.12%	$ 3,310.44
Interest & Sinking Fund (599-1107)	On Demand	4.3203%	$2.00	$2.03	$2.00	$2.03	1.50%	1.50%	$ 0.03
Total Lone Star Investment Pool:			**$5,604,455.85**	**$5,282,353.26**	**$5,604,140.42**	**$5,283,081.76**			**$54,523.10**
* Average Interest Rate for the quarter									
WestStar Bank (Cash)									
General Fund (199-1110)	On Demand	0.10%	$162,021.40	$169,836.89	$162,021.40	$169,836.89	4.82%	4.82%	$ 40.64
Interest & Sinking Fund (599-1110)	On Demand	0.10%	$148,787.69	$13,029.77	$148,787.69	$13,029.77	-91.24%	-91.24%	$ 29.43
Total WestStar Bank:			**$310,809.09**	**$182,866.66**	**$310,809.09**	**$182,866.66**			**$70.07**
Total Investments:			**$5,915,264.94**	**$5,465,219.92**	**$5,914,949.51**	**$5,465,948.42**			**$54,593.17**

S&P Rating
Corporate Overnight Fund - AAAm
Government Overnight Fund - AAAm

Portfolio Weight Average Maturity (WAM)

Asset	Book Value	Days to Maturity	Maturity Date	WAM
Lonestar Investment Pool	$5,282,353.26	1.00	9/1/2025	0.9665
WestStar Bank	$182,866.66	1.00	9/1/2025	0.0335
Total	**$5,465,219.92**			**1.0000**

Investment Objectives (Priority Order):

1. Preservation & Safety of principal;
2. Liquidity; and
3. Yield

Luis Guerra

Luis M. Guerra, Investment Officer

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Lone Star Investment Pool

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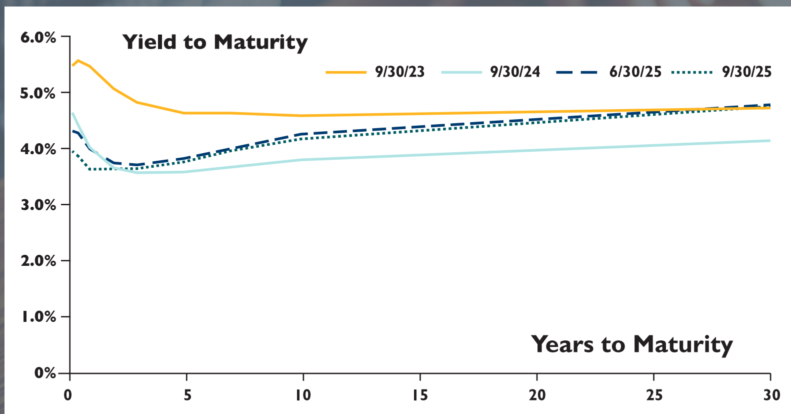
Quarterly Position Report

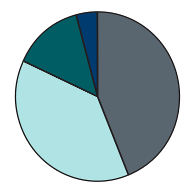
September 30, 2025



The US Treasury yield curve bull steepened in the third quarter of 2025, as front-end yields fell as much as 41 basis points (bps) while yields on longer bonds were lower by as little as four bps. The equity markets continued their upward momentum as the Dow Jones Industrial Average, S&P 500, and Nasdaq-100 indexes reached new all-time highs while gaining 5.2%, 7.8% and 11.2%, respectively. The Federal Open Market Committee (FOMC) lowered the target rate by 25 bps at both meetings in the third quarter to move the bottom of the range to 4.00%. The FOMC has indicated that additional rate cuts are likely by the end of 2025 despite inflation remaining above target. Signs of weakness in the labor market appears to be the bigger focus of the committee. At midnight, as the third quarter came to an end, the US Government shut down with Republicans and Democrats at an impasse over a deal to keep the federal government funded. The next FOMC meeting is October 29. At the end of September, the market was pricing another 25-bps rate cut.

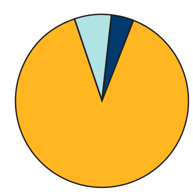
Government Overnight Fund	Participant Assets	Duration 0.06626 Market Value
Beginning of Quarter Balance	6,378,749,916.06	6,379,228,811.27
Deposits	4,057,985,181.99	
Withdrawals	(3,934,846,451.11)	
End of Quarter Balance	6,501,888,646.94	6,502,024,156.32

Agencies	44%
Cash/Repo	38%
Treasuries	14%
MM Funds	4%



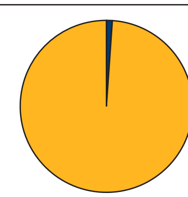
Corporate Overnight Fund	Participant Assets	Duration 0.20932 Market Value
Beginning of Quarter Balance	3,826,530,381.00	3,826,315,084.75
Deposits	1,616,082,994.05	
Withdrawals	(2,085,331,400.18)	
End of Quarter Balance	3,357,281,974.87	3,357,744,987.05

Commercial Paper	88%
Cash/Repo	8%
MM Funds	4%



Corporate Overnight Plus Fund	Participant Assets	Duration 0.23819 Market Value
Beginning of Quarter Balance	11,189,857,319.48	11,189,116,735.94
Deposits	6,306,882,624.22	
Withdrawals	(6,993,100,126.71)	
End of Quarter Balance	10,503,639,816.99	10,505,224,223.90

Commercial Paper	99%
MM Funds	1%



Returns	July		August		September	
	Average Rate	7-day SEC Yield	Average Rate	7-day SEC Yield	Average Rate	7-day SEC Yield
Govt Overnight Fund	4.31%	4.32%	4.31%	4.31%	4.25%	4.15%
Corp Overnight Fund	4.42%	4.42%	4.42%	4.42%	4.37%	4.28%
Corp Overnight Plus Fund	4.44%	4.44%	4.43%	4.44%	4.39%	4.31%

William Mastrodicasa

Lone Star Investment Pool Investment Officers

Tammy Davis

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Lone★Star™
Investment Pool

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Lone Star Monthly Performance Update

Fund Performance Update

September 30, 2025

Comments by Mellon, Investment Manager

US Treasury bond yields moved lower by as much as 22 basis points (bps) in September, with the exception of the 3-5-year area, which increased slightly, on expectations that the Federal Reserve (Fed) will continue to lower the target rate in the coming months. Equity markets reached new all-time highs again in September as the Dow Jones Industrial Average, S&P 500, and Nasdaq-100 indexes gained 3.2%, 1.9% and 5.6%, respectively. As expected, the Federal Open Market Committee (FOMC) lowered rates by 25 bp to 4.0-4.25%. There was only one dovish dissent for a larger cut – 50 bp from new governor Stephen Miran. Members believe the balance of risks has shifted and the upside risks to unemployment now loom larger than the upside risks to inflation. Chair Jerome Powell emphasized the Fed's commitment to preventing temporary tariff-driven price increases from becoming entrenched, noting current inflation expectations remain anchored, but warned that stronger inflation or positive labor market developments could shift focus back to inflation risks. Second quarter GDP was revised upward due to stronger-than-expected consumer spending. August US consumer spending exceeded expectations, with a 0.4% rise and upward revisions to prior months, driven mainly by discretionary goods spending recovery. The next FOMC meeting is scheduled for October 29. At the end of September, the market was fully pricing in a rate cut of 25 bps at the meeting.

Active Participants This Month

Schools and Colleges	607
Other Governmental Entities	94
Total	*701*

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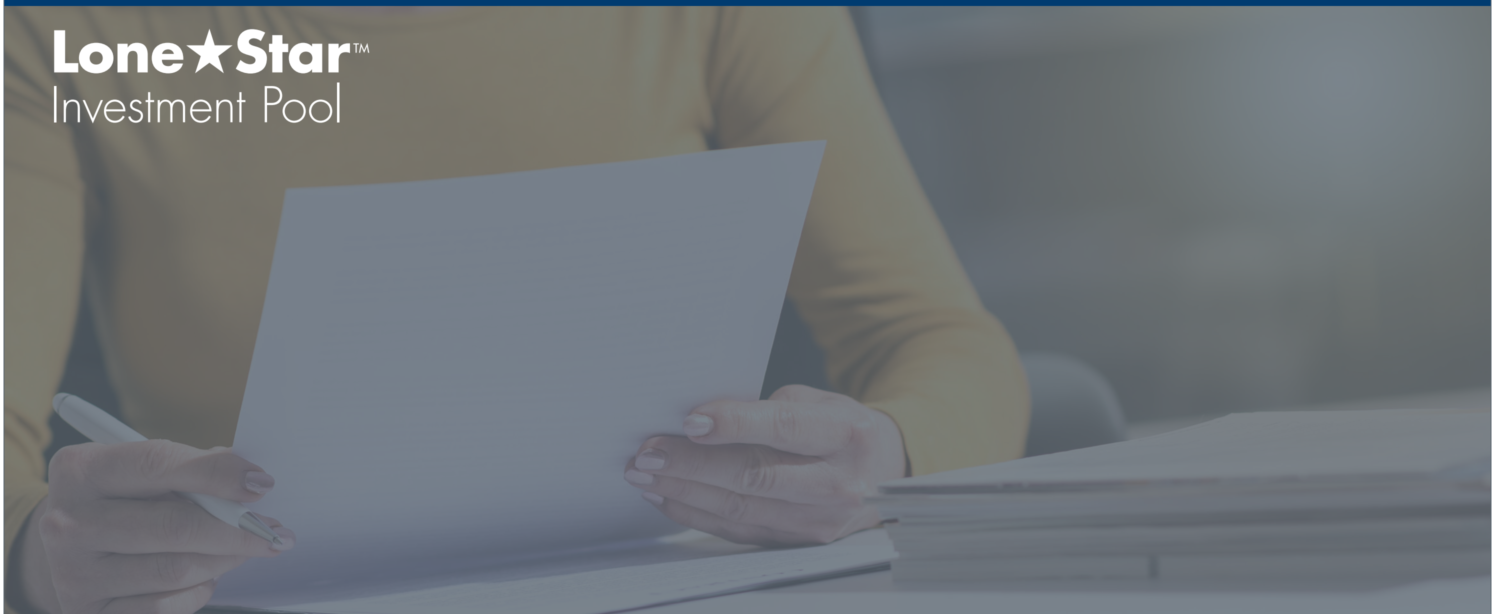


Government Overnight Fund

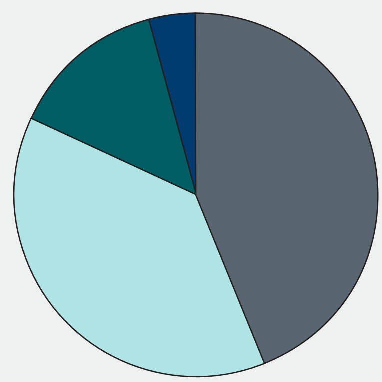
Return Information
September 30, 2025

Average Monthly Return (a)	4.25%
SEC 7-day Fund Yield (b)	4.15%
Weighted Average Maturity One (c)	23 days
Weighted Average Maturity Two (c)	92 days
Portfolio Maturing beyond One Year	6%
Net Asset Value (NAV)	$1.00
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAm

Inventory Position

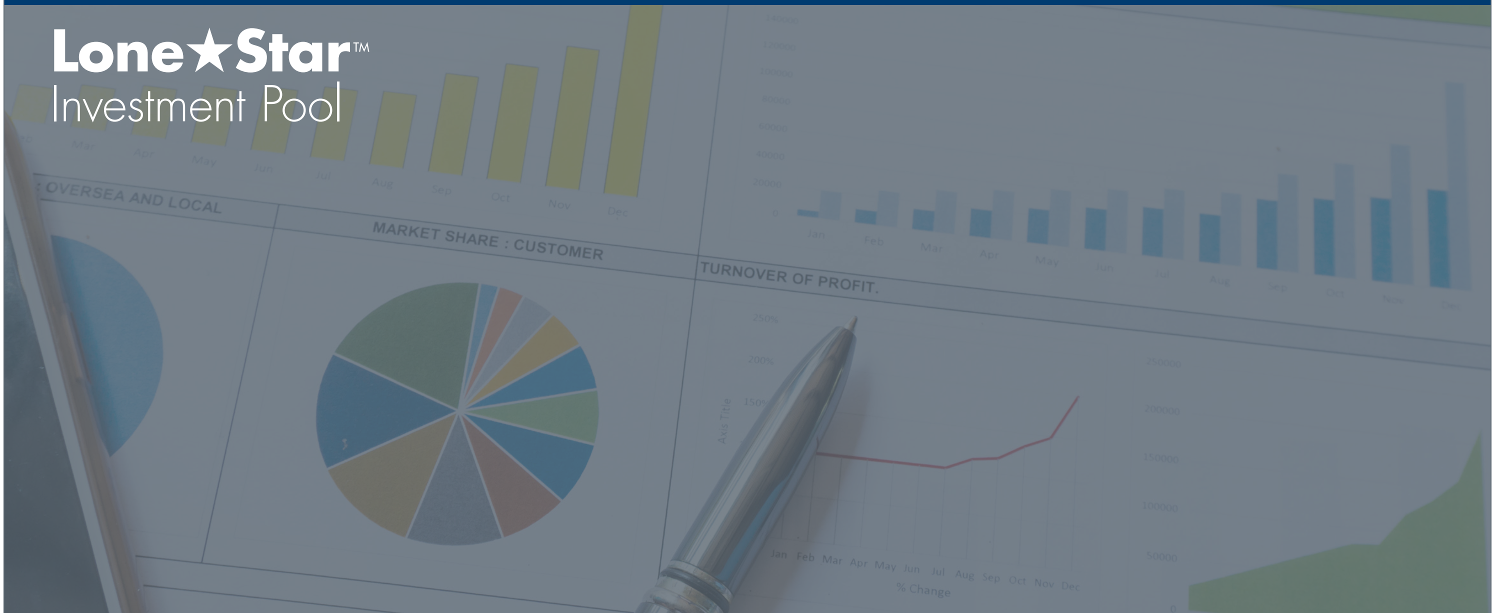
	Book Value	Market Value
Cash/Repo	2,475,632,762.25	2,475,632,762.25
US Treasuries	932,823,026.48	932,918,975.86
Agencies	2,820,006,023.60	2,820,045,583.60
Money Market Funds	273,426,834.61	273,426,834.61
Total Assets	*6,501,888,646.94*	*6,502,024,156.32*

Investment Distribution



Agencies	44%
Cash Repo	38%
Treasuries	14%
Money Market	4%

(a) The return information represents the average annualized rate of return on investments for the time period referenced. Return rates reflect a partial waiver of the Lone Star Investment Pool operating expense. Past performance is no guarantee of future results.



Lone★Star™
Investment Pool

Corporate Overnight Fund

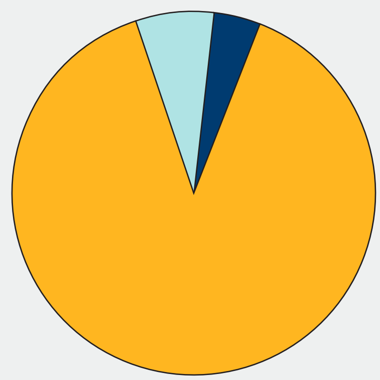
Return Information
September 30, 2025

Average Monthly Return (a)	4.37%
SEC 7-day Fund Yield (b)	4.28%
Weighted Average Maturity One (c)	40 days
Weighted Average Maturity Two (c)	73 days
Portfolio Maturing beyond One Year	0%
Net Asset Value (NAV)	$1.00
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAm

Inventory Position

	Book Value	Market Value
Cash/Repo	253,498,267.56	253,498,267.56
US Treasuries	-	-
Agencies	-	-
Commercial Paper	2,957,436,416.38	2,957,899,428.56
Money Market Funds	146,347,290.93	146,347,290.93
Total Assets	*3,357,281,974.87*	*3,357,744,987.05*

Investment Distribution



Commercial Paper	88%
Cash/Repo	8%
Money Market	4%

(b) ***SEC 7-Day Yield Calculation***

$$\text{Yield} = 2\left[\left[\frac{a-b}{cd}+1\right]^6 - 1\right]$$

a - Dividend and interest income
b - Expenses accrued for the period
c - Average daily number of shares outstanding during the period that was entitled to dividends
d - Maximum offering price per share on the last day of the period

Corporate Overnight Plus Fund

Return Information
September 30, 2025

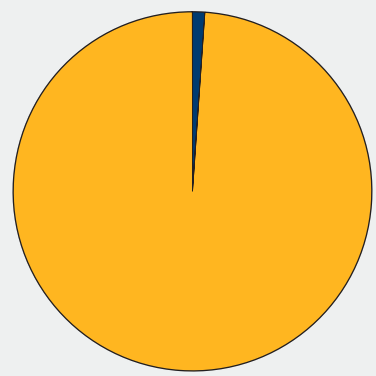
Average Monthly Return (a)	4.39%
SEC 7-day Fund Yield (b)	4.31%
Weighted Average Maturity One (c)	46 days
Weighted Average Maturity Two (c)	85 days
Portfolio Maturing beyond One Year	0%
Net Asset Value (NAV)	$1.00
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAf/S1+

Inventory Position

	Book Value	Market Value
Cash/Repo	-	-
US Treasuries	-	-
Agencies	-	-
Commercial Paper	10,357,595,042.54	10,359,179,449.45
Money Market Funds	146,044,774.45	146,044,774.45
Total Assets	*10,503,639,816.99**	*10,505,224,223.90* *

* Total Assets reflects unsettled securities transaction that has a net effect of (62,648,363.50)

Investment Distribution



Commercial Paper 99%
Money Market 1% *

(c) The Weighted Average Maturity One calculation uses the industry standard definition of state maturity for floating rate instruments, the number of days until the next reset date. The Weighted Average Maturity Two calculation uses the final maturity of any floating rate instruments, as opined in Texas Attorney General Opinion No. JC0359.