



# NICKEL HAYDEN

To: Board of Trustees, Canutillo Independent School District

From: Rudy Mejia, Nickel Hayden Advisors

Date: February 12, 2026

Re: Investment Strategy Recommendation – Transition from Active Management to Investment Pools

## Overview

Over the past several months, we have closely monitored interest rate trends and the performance of the District's bond construction fund investments. As rates have begun to decline from prior highs, it is our professional recommendation that the District transition funds currently held in the actively managed account with Causey to high-quality public investment pools. These pools are currently yielding approximately 4.00% and are performing consistently.

## Rationale for Transition

- **Interest Rate Environment** - Short-term rates have begun trending downward. In this type of environment, the value of active management diminishes, particularly when liquidity and capital preservation are priorities. Investment pools are currently providing competitive returns without additional management complexity.
- **Current Yield Performance** - The pools under consideration are producing yields of approximately 4.00%, remain highly liquid, and continue to perform well relative to alternatives available to Texas school districts.
- **Cost Efficiency** - Terminating the investment agreement with Causey will eliminate ongoing active management fees. While active management can be beneficial during certain market cycles, we do not believe it provides incremental value under current conditions.

## Termination of Causey Investment Agreement

To implement this strategy, the District would formally terminate its investment advisory agreement with Causey. Nickel Hayden Advisors will coordinate the process to ensure:

- Orderly liquidation or transfer of assets
- Compliance with District investment policy and state law
- Seamless transition to approved public investment pools

## Management Fee Reimbursement

As part of this transition, any outstanding management fees owed and paid to Causey will be reimbursed from the Construction Fund to the Interest & Sinking (I&S) Fund. The fees were directly associated with the management of bond proceeds. Reimbursement ensures that the I&S Fund remains whole and that bond-related expenses are properly allocated.

## Interest Earnings Summary

During fiscal year 2025, the District earned approximately \$2.5M in total interest income. For fiscal year 2026 year-to-date, total interest earnings are approximately \$2.3M. These results reflect the strong rate environment over the past two years.

**Rudy Mejia**

CEO, Nickel Hayden

512-645-5044

200 Congress Avenue, Suite 903 Austin, TX 78701

rudy@nickelhayden.com