



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

12C. Report

Date: January 14, 2008

SUBJECT: KISD INVESTMENT REVIEW

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

FISCAL NOTE: Investment of District Funds.

Background Information:

- TEA requirement to have the District's Investment Policies both CDA Legal and Local reviewed by the Board each year.
- The policy review is to make changes to the policy if needed.
- The review will also look at the rate of returns of the investments by the district in regards to benchmarks.

Administrative Considerations:

- The local policy review and requested change is presented under a separate agenda item for Board consideration. To complete the policy review, the legal policy is attached.
- The district currently invests its funds in investment pools that are in accordance with our local investment policy and the Public Funds Investment Act that is articulated in the CDA (Legal) policy.
- The CDA (Legal) policy describes the acceptable investments that can be made with public funds and the local decisions to be made in the CDA (local) policy.
- Due to the nature of the current investment market, district funds have been kept in investment pools for the acceptable type of investment, diversity, liquidity, safety and rate of return.
- The results of the investment pools by month are included with this report. The Logic pool is not invested into at the current time because of the use of commercial paper in their portfolio. The 91 day and six month T-Bill and Fed Funds Rate are shown for comparative (benchmark) purposes. In this comparison, all district investments yields were above the T-Bill investment yields.
- Currently, district funds are invested in TexPool and TexSTAR investment pools (operation and debt service funds) and a negotiated repurchase agreement (bond funds). Both pools are rated the highest rating of AAAm.
- The District's investments and Pool accounts are not involved in the sub-prime mortgage market.

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Respectfully submitted,
Kent V. Morrison, III
Chief Financial Officer