

# Memo



**To:** Dr. John Kuhn, Superintendent of Schools  
**From:** Dr. Joseph Waldron, Deputy Superintendent  
**Date:** June 10, 2024  
**Re:** Annual Review of Investment Policy and Strategies

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## ***Investment Policy***

In accordance with legal policy, there must be an annual review by the Board of Trustees of the District's investment policy and strategies.

*"The board shall review its investment policy and investment strategies not less than annually. The board shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. Gov't Code 2256.005(e)." (CDA-Legal)*

Included are the current legal (CDA-Legal) and local (CDA-Local) policies concerning investments. The investment strategies are also included in the investment policy. A form is attached that can be used by the Board to document the review process.

## ***Investment Strategies***

In accordance with legal policy, there must be an annual review by the Board of Trustees of the District's investment strategies.

*"As an integral part of the investment policy, the board shall adopt a separate written investment strategy for each of the funds or group of funds under the board's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance: Understanding of the suitability of the investment to the financial requirements of the district, preservation and safety of principal, liquidity, marketability of the investment if the need arises to liquidate the investment before maturity, diversification of the investment portfolio, and yield. Gov't Code 2256.005(d)" (CDA-Legal)*

The following strategies have been approved by the board for the funds listed below:

- Operating Fund
  - *"Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements." (CDA-Local)*
- Custodial Funds
  - *"Investment strategies for custodial funds shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements." (CDA-Local)*

- Debt Service Funds
  - *"Investment strategies for debt service funds shall have as their primary objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded."* (CDA-Local)
- Capital Project Funds
  - *"Investment strategies for capital project funds shall have as their primary objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded."* (CDA-Local)

## ***Review of Brokers***

In accordance with legal policy, the Board must review a list of qualified investment brokers.

*"The Board or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District. Gov't Code 2256.025"* (CDA - Legal)

The following organizations have been previously authorized and adopted by the Board of Trustees for investing District funds:

- Texpool
- Lone Star Investments (Texas Association of School Boards)
- Texas Term Local Government Investment Pool (Austin)
- FHN Financial, Inc. (Houston)
- Merrill Lynch (Abilene)
- Edward Jones (Abilene)
- Wells Fargo Advisors (Abilene)
- Raymond James (Abilene)

## ***Investment Officer Training***

In accordance with legal policy, the investment officer(s) must obtain training related to their responsibilities under the Public Funds Investment Act.

*"Investment training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act. Gov't Code 2256.008(c)." (CDA-Legal)*

*"Within 12 months after taking office or assuming duties, the treasurer, the chief financial officer if the treasurer is not the chief financial officer and the investment officer of a district shall attend at least one training session from an independent source approved by the board or a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. Gov't Code 2256.008(a)." (CDA-Legal)*

*“The treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a district shall attend an investment training session not less than once in a two year period that begins on the first day of the district’s fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the board or by a designated investment committee advising the investment officer. Gov’t Code 2256.008(a-1).”*  
(CDA-Legal)

Included are the attendance certificates verifying compliance with the above policy requirement. The Board has previously approved the Texas Association of School Business Officials (TASBO) and University of North Texas Center for Public Management as an independent source for investment training.

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## REVIEW OF INVESTMENT POLICY AND STRATEGIES

In accordance with Abilene ISD policy (CDA - Legal), the Board of Trustees has reviewed the investment policy and investment strategies of the District at its meeting held on June 10, 2024.

This review will be noted in the official minutes of the Board of Trustees meeting.

Signed \_\_\_\_\_

President, Board of Trustees

Date \_\_\_\_\_

Signed \_\_\_\_\_

Secretary, Board of Trustees

Date \_\_\_\_\_