

Denton ISD Investment Review

Governed by:

- **Texas Government Code 2256**
 - Public Funds Investment Act “PFIA”
- **Texas Government Code 2257**
 - Public Funds Collateral Act
- **DISD Board Policy**
 - CDA (Legal)
 - CDA (Local)

CDA (LOCAL) Current Strategies:

- Safety of Principal
- Maintain Liquidity
- Maximize Return (Yield)

Approved Investment Instruments

Obligations of, or
guaranteed by,
governmental entities

(T-Bills/Fed Funds)

Certificates of deposit
and share certificates

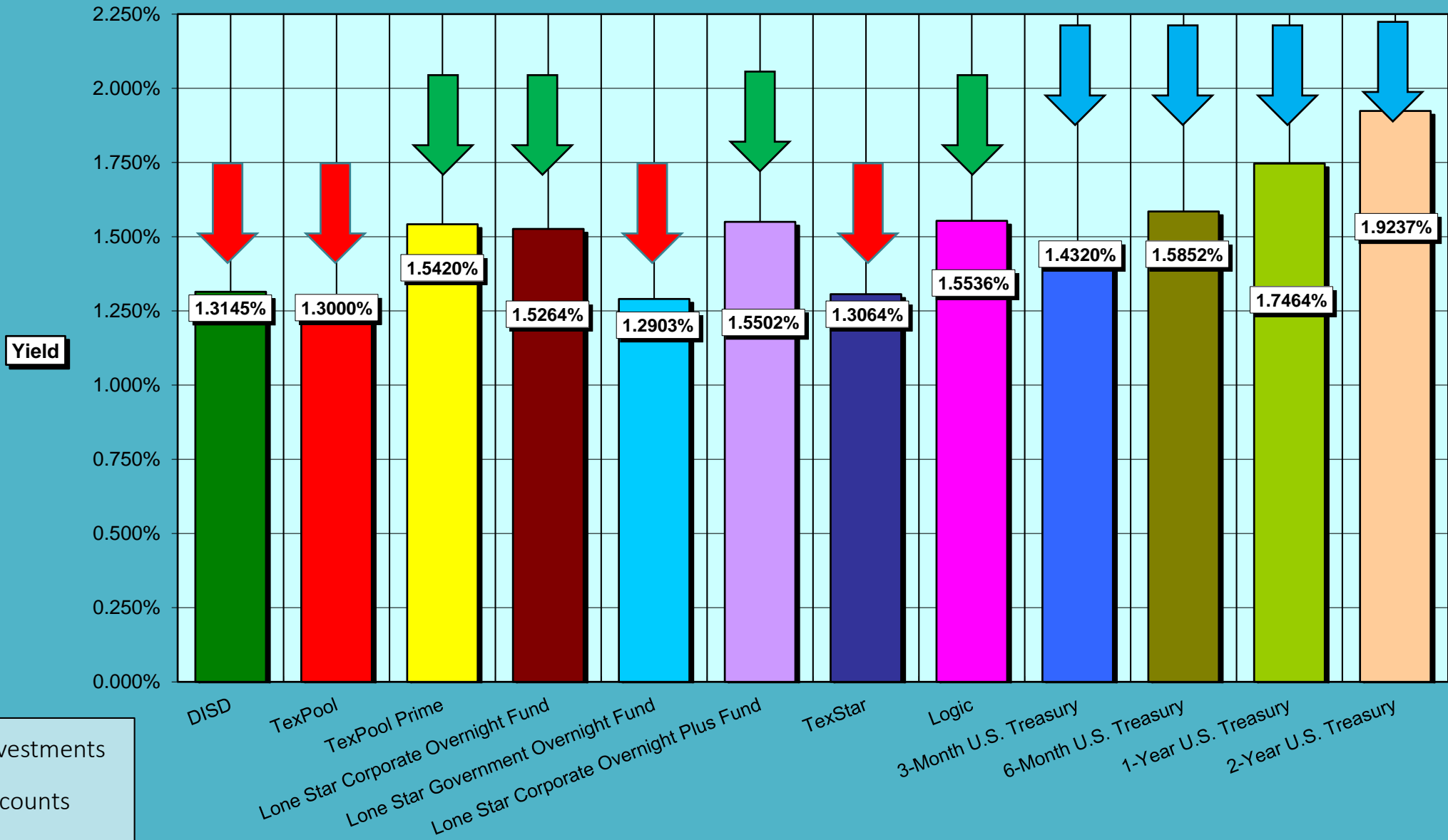
Fully collateralized
repurchase
agreements

No-load money market
mutual funds and no-
load mutual funds

A guaranteed
investment contract as
an investment vehicle
for bond proceeds

Public funds
investment pools

**DENTON INDEPENDENT SCHOOL DISTRICT
COMPARISON OF DISTRICT'S PORTFOLIO YIELD VS. SELECTED BENCHMARKS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018**



- Current Investments
- CP Pool Accounts
- Term Investments

Investment Pools

Two Types of Pool Accounts

- Governmental Accounts
- Accounts with Commercial Paper in Portfolio

Commercial Paper - Risk

Commercial paper (CP) is a short-term, unsecured promissory note issued by corporations typically used as a source of working capital. receivables financing, and other short-term financing needs.

As an unsecured debt issued by companies, commercial paper carries default risk for investors as compared to U.S. Treasury or U.S. government agency or instrumentality debt.

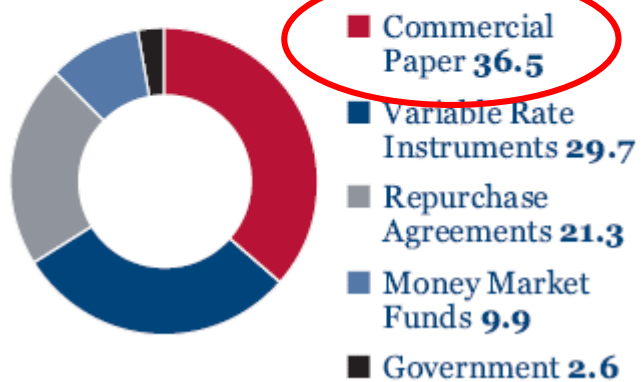
Originally the CP market was available as a funding source to only the highest credit quality entities. However, innovations such as liquidity programs, credit enhancements, and various special legal structures have made CP a viable financing alternative for entities with lower credit ratings. Accordingly, while investors traditionally relied on the financial strength of the issuing entity, increasingly investors must also evaluate the credit support backing an issue as well as the legal structure of the issuer.

Portfolio Overviews as of 9/30/18

TexPool Prime

Pool Assets \$4.7 billion

Portfolio Composition (%)

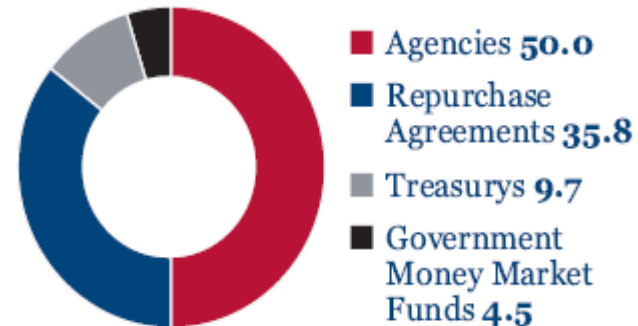


Average Monthly Rate: 2.21%

TexPool

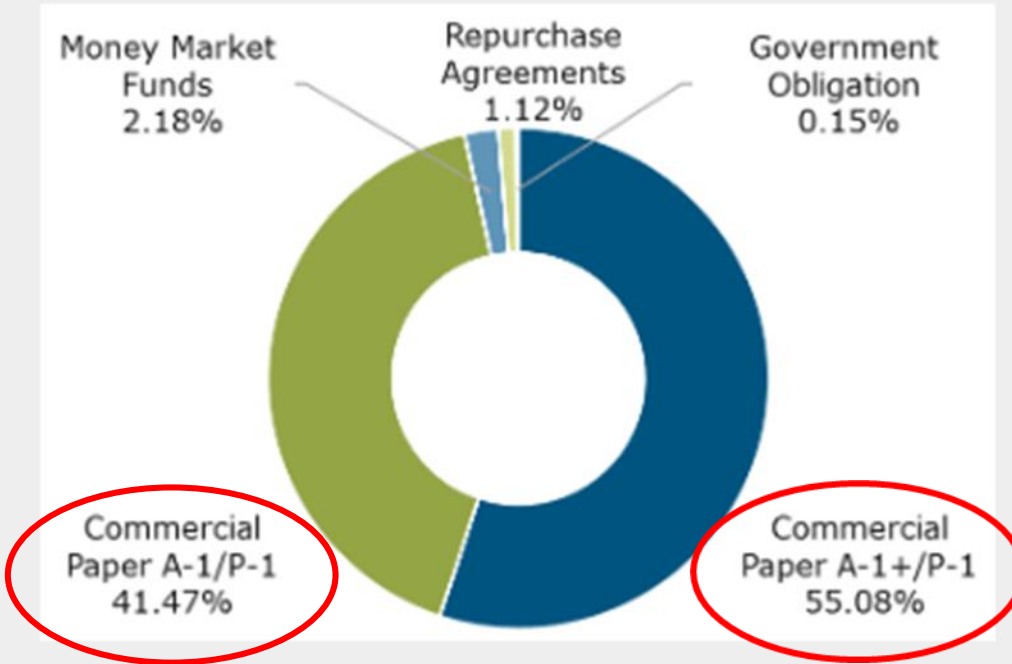
Pool Assets \$16.6 billion

Portfolio Composition (%)



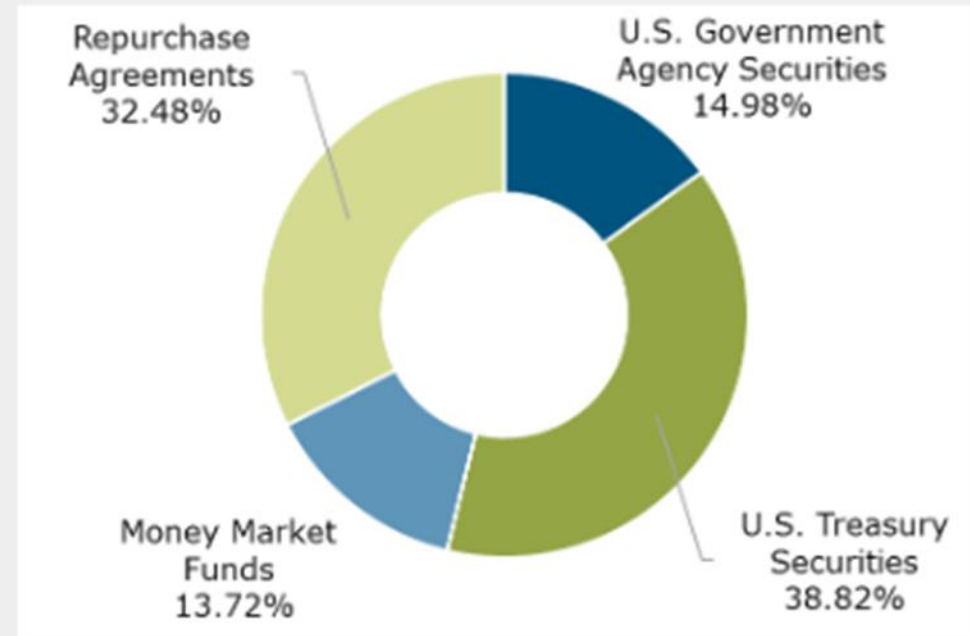
Average Monthly Rate: 1.96%

Portfolio Overviews as of 9/30/18



**Texas CLASS
Portfolio Breakdown**

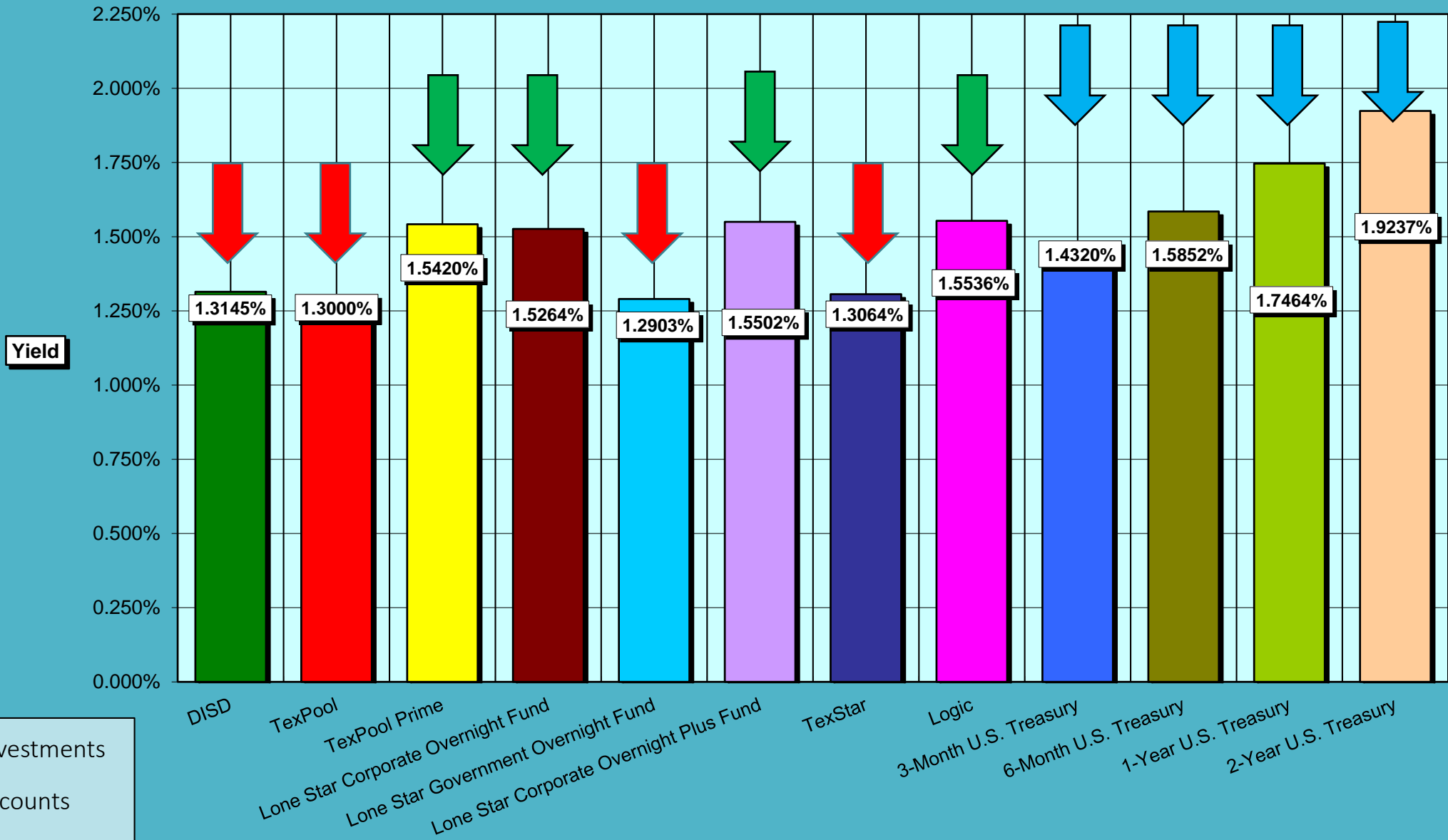
Average Monthly Rate: 2.26%



**Texas CLASS Government
Portfolio Breakdown**

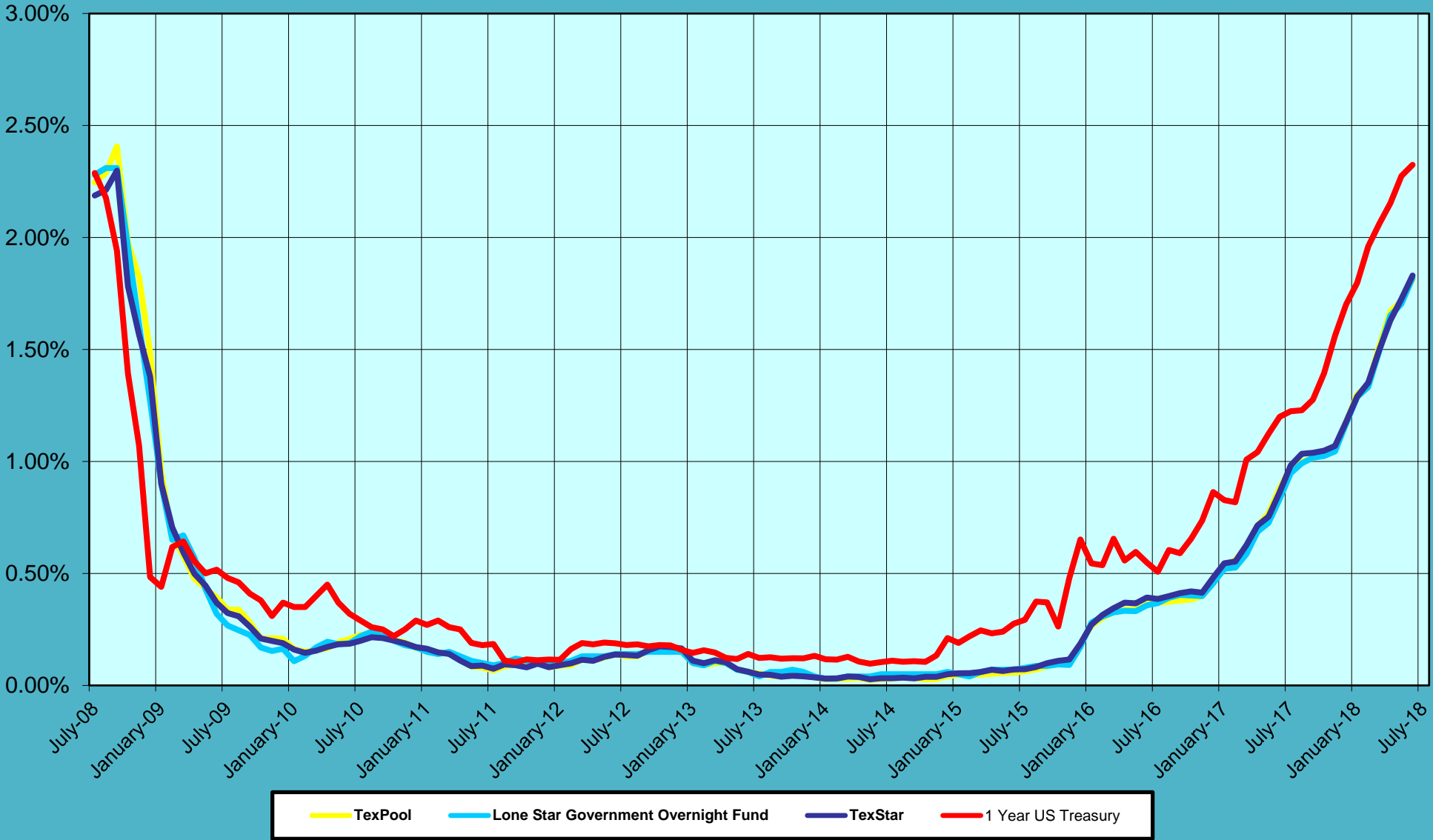
Average Monthly Rate: 2.01%

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COMPARISON OF DISTRICT'S PORTFOLIO YIELD VS. SELECTED BENCHMARKS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018**



- Current Investments
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**DENTON INDEPENDENT SCHOOL DISTRICT
COMPARISON OF YEILD
JULY 2008 - JUNE 2018**



Comparison of Federal Funds Rate and TexPool – December 2017 To The Present

