

## INVESTMENT STRATEGIES

March 2025

Splendora ISD adheres to the Investment policy of the Board of Trustees as stated in CDA Legal and CDA Local. The Public Funds Investment Act (Chapter 2256, Government Code) requires its investment program to determine compliance with the Act.

The following organizations are used for investments with the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the Board.
2. Preservation and safety of principal
3. Liquidity
4. Marketability of the investment if the investment needs to be liquidated before maturity
5. Diversification of the investment portfolio.

Funds are not pooled for investment purposes or accounting. The Board is informed monthly of the value of investments according to PFIA 2256.023. Funds are audited annually by an independent auditor for compliance with Board and local policy. The Board shall review the policy and strategies annually for any changes that might have occurred during the year. PFIA 2256.005(e)

Southside Bank

Southside Bank (First Bank and Trust) was named depository by Resolution for the 2020-2021 Biennium and renewed through the year 2026. Accounts are listed as follows:

General Operating

Finance Clearing

Payroll Clearing

Food Service

Debt Service

Capital Projects

Activity Funds

Bond Trust

Bond Escrow

## Southside Bank

The Administration continues to work with Southside Bank regarding investments of money held in the General Operating Account. The Administration continues to monitor the balances for security pledges and moves to the pools when necessary. The pools, Tex Pool, Lone Star and TexasCLASS, are generally more competitive with the bank on interest rates; however, the bank has exceeded the interest offered on the Interest and Sinking account on a regular basis. The main consideration for the Interest and Sinking fund is the availability of funds for payments of debt in the months of February and August. The administration has actively sought other venues of investment opportunities through the depository; And as such, the Trust Department of the depository has invested the proceeds of the 2016 and 2022 bond issuance as approved by the SISD Board.

## TEXPOOL

Texpool is an investment service for public funds managed by Federated Investors, Inc. The pool maintains an AAA rating and meets the diversification and yield criteria of the Investment policy of Splendora ISD. The yield is market driven and the fund is not protected against market fluctuations.

Splendora ISD Board of Trustees voted to participate in TEXPOOL Prime. This investment is AAA-rated committed to maintaining safety, liquidity and competitive rates of return. It is managed under a contract with the Comptroller by Federated Investors.

## LONE STAR

Lone Star is the pool sponsored by Texas Association of School Boards and funds are protected up to \$500,000 by the Securities Investor Protection Corporation (SIPC). The fund is market driven and the account is not protected against losses due to market fluctuation.

## Texas CLASS

In 1996, The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

## ADDITIONAL STRATEGIES

Pursuit of other banks to offer Certificate of Deposits and/or Investments for Bond Dollars.

## INTERNAL CONTROLS

In making these investments, the administration is always concerned with the internal controls of investment practices. With only two persons available for these controls, the actual wire transfers are made by the district accountant while the investment decisions are made by the Chief Operations Officer. All decisions are made by both parties to better invest available funds.

Reese Briggs, Chief Operations Officer