

**BOARD OF EDUCATION
BEEVILLE INDEPENDENT SCHOOL DISTRICT**

Agenda Item No. _____

Date: January 17, 2006

Subject: Logic Investment Pool

Submitted by: Linda O'Connell

Related Pages: 6

Supt's Approval: _____

ACTION

BACKGROUND INFORMATION:

Logic Investment Pool is in full compliance with the Texas Public Funds Investment Act and rated AAAM by Standard & Poor's.

ITEMS ADDRESSED:

Logic will give Beeville ISD a 3rd investment pool to look at when investing money. Logic's interest rate as of January 5, 2006 is: 4.2120%.

RECOMMENDED ACTION:

Approve Logic Investment Pool

BUDGETARY INFORMATION:

None



PROGRAM FACT SHEET

1. Program Features

LOGIC provides a variety of benefits to Texas local governments:

- Conservatively managed investment pool providing daily liquidity & competitive yields.
- Created by local governments for local governments in full compliance with the Texas Public Funds Investment Act and rated AAAM by Standard & Poor's.
- Recognized Program Administrators with a proven track record in government investment pool management (First Southwest Asset Management, Inc. and J.P. Morgan Chase & Co.).
- User friendly operating systems powered by leading edge technology.
- Personalized Texas based customer service staff.
- Late day transaction deadlines until 4:00 p.m. CST.

2. **Objectives of LOGIC.** The investment objectives of the LOGIC Fund are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities.

3. Types of Investments Authorized and Prohibited for LOGIC Fund.

Authorized Investments for the LOGIC Fund:

- A. Obligations of the United States or its agencies and instrumentalities with a maximum maturity of 13 months;
- B. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States with a maximum maturity of 13 months;
- C. Repurchase agreements with a defined termination date not to exceed 13 months, secured by obligations of the United States or its agencies and instrumentalities, or other obligations on which the principal and interest are unconditionally guaranteed or insured by the United States, which are fully collateralized;
- D. SEC registered money market funds authorized by the Public Funds Investment Act and rated in the highest rating category by at least one nationally recognized rating agency; and
- E. Commercial paper that has a stated maturity of 270 days or fewer from the date of its issuance that is rated A-1 or P-1 or equivalent by two nationally recognized rating agencies or that is rated A-1 or P-1 or equivalent by one nationally recognized rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Prohibited Investments for the Cash Reserve Fund:

- A. Derivatives (see LOGIC investment policy for detailed definition)
- B. Bankers' Acceptances.
- C. Certificates of deposit.

4. **Maximum Average Dollar-Weighted Maturity.** The dollar weighted average maturity of the LOGIC Cash Reserve Fund portfolio may not exceed sixty (60) days calculated in accordance with SEC Rule 2a-7 or ninety (90) days based on the stated maturity of Fund investments.

1-800-TX-LOGIC (835-6442) * www.LOGIC.org * E-mail: LOGIC@firstsw.com

5. **Maximum Stated Maturity Date.** The maximum stated maturity for any individual security held in the LOGIC Cash Reserve Fund portfolio is limited to thirteen (13) months.
6. **Program Oversight.**
LOGIC Board of Directors:
Phil Roberson, Arlington ISD
Fred Werner, City of Grapevine
Robb Dean, Dallas County Community College
Judd Sanderson, North Texas Municipal Water District
Kandy Daniels, City of Beaumont
DeeAnn Chetham, Evare

The LOGIC Cash Reserve Fund is monitored on a weekly basis by Moody's to confirm compliance with the fund's **AAAm** rating requirements.
7. **Custodian for LOGIC.** JPMorgan Chase Bank serves as custodian to LOGIC.
8. **Net Asset Value.** The LOGIC Cash Reserve Fund seeks to maintain a net asset value of **\$1.00** per unit and is designed to be used by Participants for investment of funds that require daily liquidity availability.
9. **Independent Auditor.** LOGIC is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. KPMG has been retained to provide independent auditing services for LOGIC.
10. **Transaction Deadlines.** **Wire** transactions until **4 p.m.** daily for same day settlement; **ACH** transactions until **3:30 p.m.** for next day settlement; and internal account transfers until 5 p.m. for same day settlement.
11. **Performance History.** The performance history, including yield, weighted average maturity and average balance for the LOGIC FUND is available from LOGIC, 325 North St. Paul Street, Suite 800, Dallas, TX 75201, by calling 1-800-895-6442 or by accessing the program web site at **www.LOGIC.org**.
12. **Management Fee.** The maximum management fee authorized for the LOGIC Fund is 8.75 basis points. This fee may be waived in full or in part in the discretion of the LOGIC Co-Administrators at any time as provided for in the LOGIC Information Statement.
13. **Administrators/Investment Manager.** First Southwest Asset Management, Inc. and JPMorgan Fleming Asset Management serve as co-administrators for LOGIC under an agreement with the LOGIC Board of Directors. JPMorgan provides investment management, custody, fund accounting, and transfer agency services. FSAM provides administrative, participant and marketing services.
14. **How to Join.**
 - A. Submit the LOGIC Resolution to the investing entity's governing body for approval.
 - B. Have the head of the governing body sign the LOGIC Additional Party Agreement.
 - C. Complete a LOGIC Account Information Form for each individual account to be opened.
 - D. Return the Resolution, Additional Party Agreement, and Account Information Form(s) along with the most current investment policy for the entity to LOGIC Participant Services, 325 North St. Paul Street, Suite 800, Dallas Texas 75201.

These enrollment documents can be obtained by contacting LOGIC Participant Services (FSAM) at 1-800-835-6442 or from the LOGIC web site at **www.LOGIC.org**.

Local Government Investment Cooperative Resolution

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF AN INTERLOCAL AGREEMENT FOR PARTICIPATION IN A PUBLIC FUNDS INVESTMENT COOPERATIVE (THE "COOPERATIVE"), DESIGNATING THE BOARD OF DIRECTORS OF THE COOPERATIVE AS AN AGENCY AND INSTRUMENTALITY TO SUPERVISE THE COOPERATIVE, APPROVING INVESTMENT POLICIES OF THE COOPERATIVE, APPOINTING AUTHORIZED REPRESENTATIVES AND DESIGNATING INVESTMENT OFFICERS.

WHEREAS, the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, as amended (the "Interlocal Act"), permits any "local government" to contract with one or more other "local governments" to perform "governmental functions and services," including investment of public funds (as such phrases are defined in the Interlocal Act);

WHEREAS, the Interlocal Act authorizes the contracting parties to any interlocal agreement to contract with agencies of the State of Texas, within the meaning of Chapter 771 of the Government Code,

WHEREAS, the Act permits the contracting parties to any interlocal agreement to create an administrative agency to supervise the performance of such interlocal agreement and to employ personnel and engage in other administrative activities and provide other administrative services necessary to execute the terms of such interlocal agreement;

WHEREAS, the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended (the "PFIA"), authorizes the entities described in Subsection (a) of the PFIA to invest their funds in an eligible public funds investment pool, and the Local Government Investment Cooperative intends to become and remain an eligible public funds investment pool, under the terms and conditions set forth in PFIA;

WHEREAS, Beeville Independent School District (the "Government Entity") desires to enter into that certain Interlocal Agreement (the "Agreement"), a copy of which is presented with this Resolution and is incorporated herein by reference, and to become a participant in a public funds investment pool created thereunder and under PFIA, to be known as Local Government Investment Cooperative (the "Cooperative");

WHEREAS, the Government Entity is a Government Entity as defined in the Agreement; and

WHEREAS, the Government Entity desires to cause administration of the Cooperative to be performed by a board of directors (the "Board"), which shall be an administrative agency created under the Interlocal Act; and

WHEREAS, the Government Entity desires to designate the Board as its agency and instrumentality with authority to supervise performance of the agreement, employ personnel and engage in other administrative activities and provide other administrative services necessary to execute the terms of the Agreement;

WHEREAS, each capitalized term used in this Resolution and not otherwise defined has the same meaning assigned to it in the Agreement;

NOW, THEREFORE, BE IT RESOLVED:

1. The Agreement is hereby approved and adopted and, upon execution thereof by an Authorized Representative (defined below) and receipt of the Government Entity's application to join the Cooperative by the Administrator, the Government Entity shall become a Participant in the Cooperative for the purpose of investing its available funds therein from time to time in accordance with its terms.

2. The Board is hereby designated as an agency and instrumentality of the Government Entity, and the Board shall have the authority to supervise performance of the Agreement and the Cooperative, employ personnel and engage in other administrative activities and provide other administrative services necessary to execute the terms of the Agreement.

3. The investment policies of the Cooperative, as set forth in the document entitled Investment Policies, as summarized in the Information Statement, and as may be amended from time to time by the Board, are hereby adopted as investment policies of the Government Entity with respect to money invested in the Cooperative, and any existing investment policies of the Government Entity in conflict therewith shall not apply to investments in the Cooperative.

4. The following officers, officials or employees of the Government Entity are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to: execute the Agreement, an application to join the Cooperative and any other documents required to become a Participant; deposit money to and withdraw money from the Government Entity's Cooperative account from time to time in accordance with the Agreement and the Information Statement; and take all other actions deemed necessary or appropriate for the investment of funds of the Government Entity:

Signature: _____

Printed Name: Linda O'Connell

Title: Executive Director for Finance

Direct Phone: (361)358-7111

Signature: _____

Printed Name: John Hardwick Jr.

Title: Superintendent

Direct Phone: (361)358-7111

Signature: _____

Printed Name: _____

Title: _____

Direct Phone: _____

In accordance with Cooperative procedures, an Authorized Representative shall promptly notify the Cooperative in writing of any changes in who is serving as Authorized Representatives.

5. In addition to the foregoing Authorized Representatives, each Investment Officer of the Cooperative appointed by the Board from time to time is hereby designated as an investment officer of the Government Entity and, as such, shall have responsibility for investing the share of Cooperative assets representing funds of the Government Entity. Each depository and custodian appointed by the Board from time to time are hereby designated as a depository and custodian of the Government Entity for purposes of holding the share of Cooperative assets representing funds of the Government Entity.

PASSED AND APPROVED this 17th day of January,
20 06

ATTEST:

By: _____

By: _____

Nick Cardenas/Board President
Printed Name and Title

Laura Fischer/Board Secretary
Printed Name and Title

SEAL

Additional Party Agreement

The Government Entity of the State of Texas named below, acting by and through the undersigned Authorized representative, hereby agrees to become a party to that certain Interlocal Agreement to which this page is attached, and thereby become a Participant in the Local Government Investment Cooperative, subject to all of the terms and provisions of such Agreement. The undersigned hereby represents that it is a Government Entity as defined in such Agreement.

Executed this _____ day of _____, 19_____.

Beeville Independent School District
Name of Government Entity

By: _____
Authorized Representative

Linda O'Connell
Printed Name

Executive Director for Finance
Title

ACCEPTED:

Local Government Investment Cooperative

By: _____
LOGIC Administrator

Printed Name

Title