



To: Dr. Jeff Turner
From: Kelly Penny
Subject: Annual Review of Investment Policy, training, brokers and performance
Board of Trustees
Date: July 16, 2007
Cc: Sid Grant

The Public Funds Investment Act (TX Govt. Code Chapter 2256) as articulated in Policy CDA (LEGAL) requires that:

“The investment policy and the investment strategy shall be reviewed not less than annually. The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any change made to either the investment policy or strategies.”

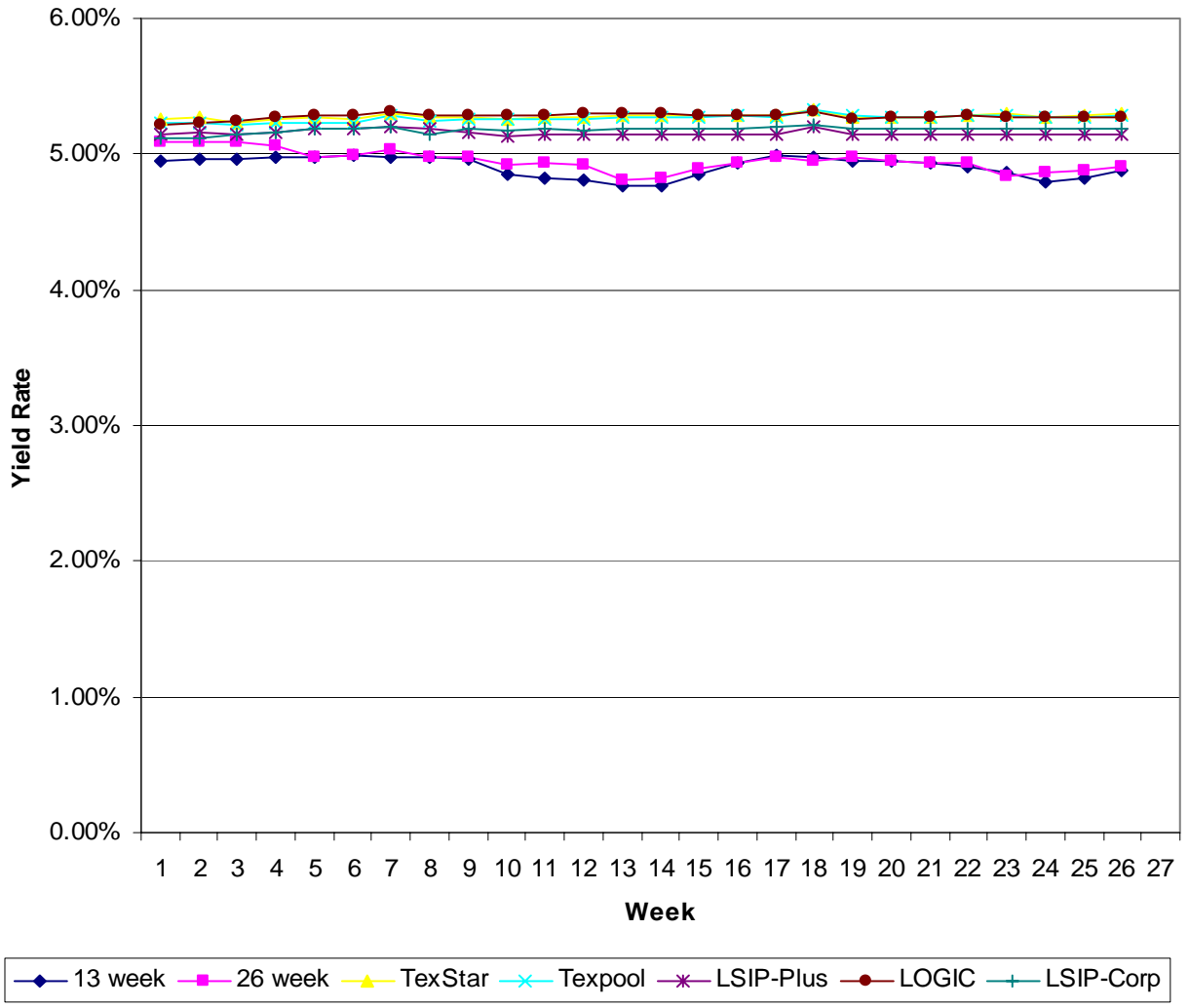
The latest updates of both CDA (LEGAL) and (LOCAL) are attached for review by the Board. Neither policy has been changed since the last investment policy review by the Board of Trustees in September 2006.

Review of Current Performance on Investments

The attached graphs and data compare the rates paid on the investment pools utilized with the rate for the 13 and 26 week T-Bill auctions. A distinct advantage of the investment pools is that investor funds are very liquid. Money can be transferred overnight either in or out of pools. Multiple governmental investment pools are used to diversify the investments. The pools are constantly “marked to market”. This means there is no risk of losing any of the principal due to market fluctuation. The only variance is the amount of interest paid on the invested balance each day.

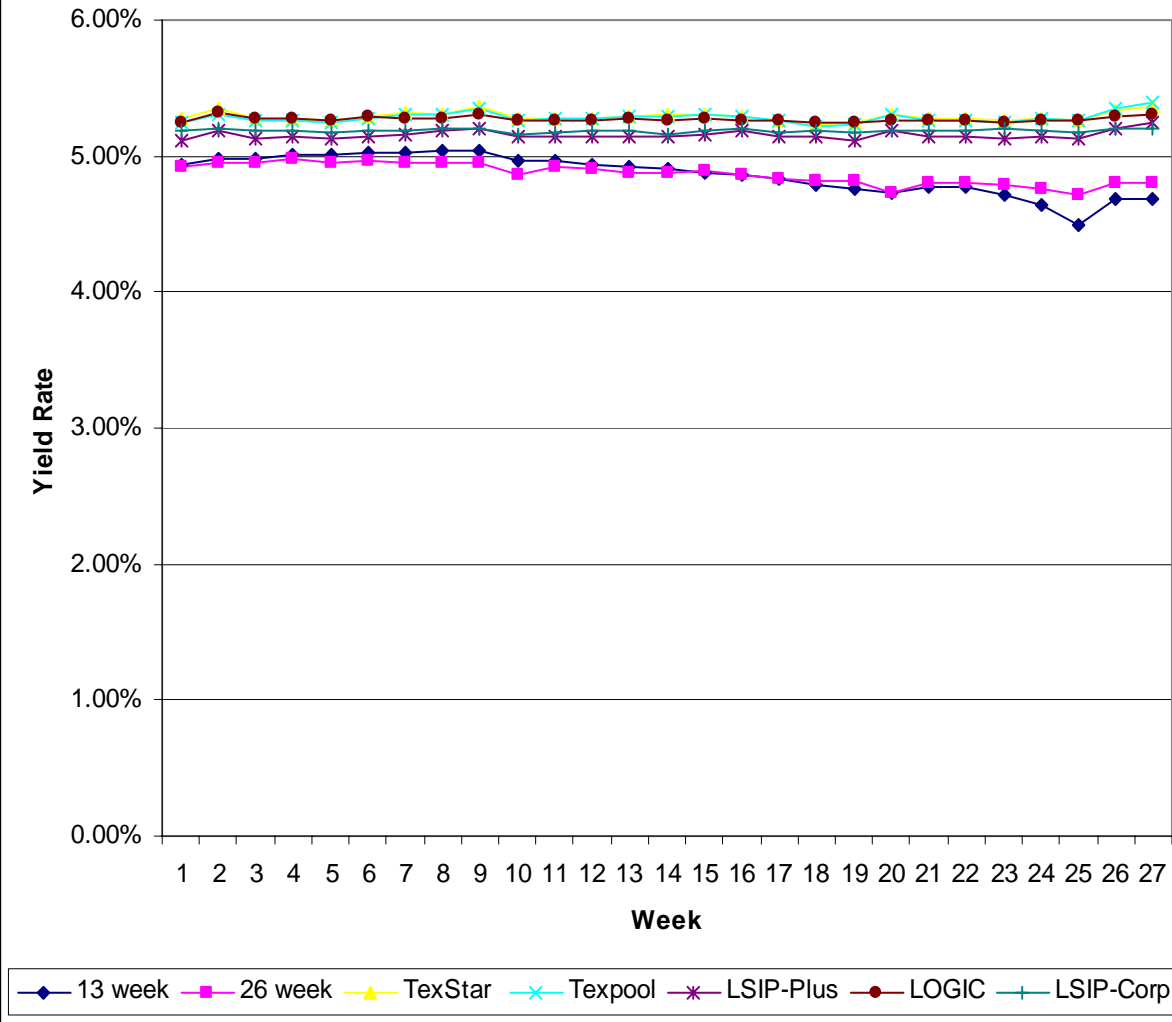
The District has experienced higher interest earnings from pool investments than we would of from investing in T-Bills. When interest rates are rising, investment pools usually reflect the increase in market rates sooner because the investments are more liquid, shorter maturity dates, than T-Bills.

Investment Rates - July thru December 2006



Date	T-Bills		TexStar	Texpool	LSIP-Plus	LOGIC	LSIP-Corp
	13 week	26 week					
2006							
07-Jul	4.96%	5.09%	5.26%	5.24%	5.14%	5.21%	5.11%
14-Jul	4.97%	5.09%	5.27%	5.23%	5.16%	5.23%	5.12%
21-Jul	4.97%	5.09%	5.23%	5.21%	5.15%	5.24%	5.14%
27-Jul	4.98%	5.06%	5.26%	5.23%	5.16%	5.28%	5.16%
01-Aug	4.98%	4.98%	5.27%	5.23%	5.19%	5.28%	5.18%
08-Aug	4.99%	4.99%	5.26%	5.23%	5.18%	5.28%	5.18%
15-Aug	4.98%	5.03%	5.30%	5.28%	5.20%	5.31%	5.20%
22-Aug	4.98%	4.98%	5.27%	5.25%	5.19%	5.28%	5.15%
29-Aug	4.96%	4.97%	5.28%	5.26%	5.16%	5.29%	5.19%
05-Sep	4.86%	4.92%	5.25%	5.25%	5.13%	5.28%	5.17%
12-Sep	4.82%	4.94%	5.26%	5.25%	5.14%	5.29%	5.18%
19-Sep	4.82%	4.92%	5.27%	5.26%	5.14%	5.30%	5.17%
26-Sep	4.77%	4.81%	5.29%	5.28%	5.15%	5.30%	5.19%
03-Oct	4.77%	4.83%	5.29%	5.28%	5.14%	5.29%	5.19%
10-Oct	4.85%	4.89%	5.28%	5.27%	5.14%	5.29%	5.18%
17-Oct	4.94%	4.94%	5.29%	5.29%	5.15%	5.29%	5.19%
24-Oct	4.99%	4.98%	5.29%	5.28%	5.14%	5.29%	5.20%
31-Oct	4.98%	4.96%	5.32%	5.33%	5.20%	5.31%	5.22%
07-Nov	4.96%	4.98%	5.28%	5.28%	5.14%	5.26%	5.18%
14-Nov	4.96%	4.96%	5.27%	5.27%	5.14%	5.27%	5.19%
21-Nov	4.94%	4.94%	5.27%	5.27%	5.14%	5.27%	5.19%
28-Nov	4.91%	4.94%	5.29%	5.28%	5.15%	5.28%	5.19%
05-Dec	4.87%	4.84%	5.30%	5.29%	5.14%	5.28%	5.18%
12-Dec	4.80%	4.87%	5.28%	5.27%	5.14%	5.27%	5.18%
19-Dec	4.83%	4.89%	5.28%	5.27%	5.14%	5.27%	5.19%
26-Dec	4.88%	4.90%	5.30%	5.28%	5.14%	5.27%	5.19%

Investment Rates - January thru June 2007



Date 2007	T-Bill	T-Bill	TexStar	Texpool	LSIP-Plus	LOGIC	LSIP-Corp
	13 week	26 week					
09-Jan	4.94%	4.92%	5.27%	5.25%	5.12%	5.25%	5.18%
16-Jan	4.98%	4.95%	5.35%	5.31%	5.19%	5.32%	5.20%
23-Jan	4.98%	4.95%	5.28%	5.26%	5.13%	5.28%	5.18%
30-Jan	5.01%	4.98%	5.28%	5.26%	5.14%	5.28%	5.18%
06-Feb	5.01%	4.96%	5.26%	5.25%	5.13%	5.27%	5.17%
13-Feb	5.03%	4.97%	5.29%	5.28%	5.14%	5.29%	5.18%
20-Feb	5.03%	4.95%	5.31%	5.30%	5.16%	5.28%	5.18%
27-Feb	5.04%	4.95%	5.31%	5.31%	5.19%	5.28%	5.20%
28-Feb	5.04%	4.95%	5.36%	5.35%	5.20%	5.31%	5.20%
06-Mar	4.97%	4.86%	5.27%	5.27%	5.14%	5.26%	5.16%
13-Mar	4.97%	4.92%	5.27%	5.27%	5.14%	5.26%	5.17%
20-Mar	4.93%	4.91%	5.28%	5.28%	5.15%	5.26%	5.18%
27-Mar	4.93%	4.88%	5.29%	5.29%	5.14%	5.27%	5.18%
03-Apr	4.91%	4.87%	5.30%	5.30%	5.15%	5.26%	5.16%
10-Apr	4.88%	4.89%	5.31%	5.30%	5.16%	5.27%	5.19%
17-Apr	4.87%	4.87%	5.29%	5.30%	5.18%	5.27%	5.20%
24-Apr	4.84%	4.84%	5.26%	5.26%	5.14%	5.26%	5.17%
01-May	4.79%	4.82%	5.23%	5.22%	5.14%	5.24%	5.19%
08-May	4.76%	4.82%	5.24%	5.24%	5.12%	5.25%	5.17%
15-May	4.73%	4.74%	5.31%	5.31%	5.19%	5.26%	5.19%
22-May	4.78%	4.81%	5.28%	5.27%	5.14%	5.26%	5.18%
26-May	4.78%	4.80%	5.27%	5.26%	5.14%	5.26%	5.18%
06-Jun	4.71%	4.79%	5.26%	5.25%	5.13%	5.24%	5.20%
13-Jun	4.64%	4.77%	5.28%	5.27%	5.14%	5.26%	5.18%
20-Jun	4.49%	4.72%	5.26%	5.26%	5.13%	5.26%	5.17%
28-Jun	4.69%	4.81%	5.34%	5.34%	5.20%	5.29%	5.20%
30-Jun	4.69%	4.81%	5.37%	5.40%	5.24%	5.31%	5.20%