

Executive Summary

Prepared for Board of Trustees Meeting

August 25, 2009

Discussion of Investment Alternatives

Purpose of Report

Discuss with the Board of Trustees an investment alternative to the current use of the investment pools.

Objectives

- Review the District's Investment Portfolio
- Review the legality and security of investing in Texas ISD Bonds
- Review investment options to maximize the District's interest earnings
- Discuss potential risk of a Variable Rate Bond Investment – holding for a longer time period than expected

Operational Impact

- The Board would need to define parameters for an investment in a Texas ISD Bond
- The Board would need to approve broker-dealers eligible to sell investments to the District.
- Review of the cash flow needs of the District would determine the funds available for this type of investment.

Results

The District could begin to purchase Texas ISD Bonds as investments for the District. Interest earning could potentially increase over the current market rates/yields.

Other Options

Interest rates within the pools could rebound and exceed the rates locked in for a Texas ISD Bond