

Q&A from Trustee Prado
June 17, 2020 Board Meeting

Good Evening Dr. Puig,
I am submitting the following questions pertaining to some agenda items for our Board Meeting, June 17, 2020:

Presentations/Reports Item #3 Quarterly Investment Report (5-31-2020)

Since the 2/29/2020 Quarterly Investment Report, there have been two withdrawals. One withdrawal from the Tax Subsidy Fund for \$283,147. What was the purpose of this withdrawal? The other withdrawal from the Worker's Compensation Fund for \$100,000. What was the purpose of this withdrawal? Recently, in response to our submission of the AFR, the TEA had some observations to the diversification of our investments. Has the school district addressed these observations?

As it relates to the withdrawals, the \$100,000 that was withdrawn for the Worker's Compensation Investment account was moved from First Public to Wells Fargo for the purpose of paying future weekly Accounts Payable and Semi-Monthly Payroll operating expenditures. This withdrawal occurred on March 17, 2020. The ending balance of the Wells Fargo Workers Compensation bank account on May 31, 2020 was \$62,282.06.

The withdrawal of the \$283,147.28 from the First Public Subsidy Investment Account to the First Public General Fund Investment Account was for year to date Accounts Payable expenses. We will continue to look at Tax Subsidy expenditures on a monthly basis, and make transfers as needed.

TEA's observations were not related to diversification, but instead to our lack of compliance with our own investment policy. The Board approved a policy change to our District Investment Policy on February 19, 2020. We are in compliance with both our District Investment Policy and the Public Funds Investment Act. We will continue to actively monitor our investments, but the impact of COVID-19 has adversely affected the current interest rate environment.

Thank you,
Connie Prado