REPORT OF THE
BOARD OF TRUSTEES OF THE PERMANENT FUND
TO THE 2021 TSTA HOUSE OF DELEGATES

Article X of the TSTA Bylaws stipulates that investments of the Permanent Fund be directed by the Board of Trustees of the Permanent Fund consisting of the President, Executive Director and three members elected by the Board of Directors to serve three-year staggered terms and that each year one of these three members be elected chairperson. The elected members include: Maggie Inglett, Winifred Jackson and Louie Luna.

The TSTA Permanent Fund Investment Policy provides for investments in one or more of the following: (a) Certificates of Deposit, (b) Repurchase agreements of Treasury Bonds or Notes, (c) Government Agency Bonds or Notes, (d) U.S. Treasury Bills, (e) Commercial Paper in the two highest quality classes by Moody's Investor's Service or Standard & Poors, or (f) Index Funds not to exceed thirty percent (30%) of the total fund with re-balancing as necessary to maintain the limitation. The balance invested in equities at January 31, 2020 equals $712,600 or 33.9%. We are currently working with the investment advisors to re-balance the fund as the Certificates of Deposit mature.

The Board of Trustees has reviewed the status and use of the Fund, noting the following items:

1. On September 1, 2020 the Fund balance was $2,050,499, including $7,331 or ten percent (10%) of the interest earned by the Fund during 2019-20 and returned to the Fund at the end of the year.
2. The Fund Balance on August 31, 2021 will be increased by ten percent (10%) of the net income earned by the Fund during 2020-21, as directed by the 1998 House of Delegates, and will also be adjusted to reflect market losses, if any, on Permanent Fund investments at that time. Recent market upturns have resulted in a slightly higher overall balance in the Fund. Interest rates continue to be depressed, but earnings on Permanent Fund investments are, once again, better than in the previous year. The Fund currently has $122,794 in unrealized gains on the market value of index fund investments.
3. All Permanent Fund investments earn interest which is deposited in the Available Fund for operating expenses except for earnings on equity investments that are retained in that account. The accounts will be balanced with ten percent (10%) of the Permanent Fund earnings for the year added to the Permanent Fund balance as of August 31st.

Following is an analysis of Permanent Fund investments as of January 31, 2021

Securities/Investments	Current Value	Maturity Date(s)
FROST BROKERAGE SERVICES		
Certificates of Deposit ($1,367,000 at maturity, 0.3% to 2.25%)	$1,377,104	2/20/21 to 6/23/21
Equity Investments (original investments $562,162)	$ 712,600	
U.S. Govt. Obligation Money Market Funds	$ 15,103	
Accrued Interest on Certificates of Deposit	$ 4,050	
TOTAL Permanent Fund Balance	$2,108,857	