

REPORT OF THE  
BOARD OF TRUSTEES OF THE PERMANENT FUND  
TO THE 2024 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 Angela Davis, Winifred Jackson and Ysreal Valencia.

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 February 29, 2024, equals \$659,366 or 28.6%. TSTA regularly works with the investment advisors to maintain the balance of 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, 2023, the Fund balance was \$2,212,363, including \$3,185 or ten percent (10%) of the interest earned by the Fund during 2022-23 and returned to the Fund at the end of the year.
2. The Fund Balance on August 31, 2024 will be increased by ten percent (10%) of the net income earned by the Fund during 2023-24, 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 trends have resulted in a higher rate of return on CDs in the Fund than prior year, while equities continue to perform well. Those rates are expected to have a continued impact on higher yields for equity investments. The Fund currently has \$150,801 in unrealized gains on the market value of fund investments. TSTA investment advisors continue to have a positive outlook on investments in the Permanent Fund and do not make any recommendations for changes in investment strategy at this time.
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 31<sup>st</sup>.

Following is an analysis of Permanent Fund investments as of February 29, 2024:

<u>Securities/Investments</u> .....	<u>Current Value</u>	<u>Maturity Date(s)</u>
<b><u>FROST BROKERAGE SERVICES</u></b>		
Certificates of Deposit (\$1,185,000 at maturity, 04.65% to 5.15%) .....	\$1,187,137	3/24 to 12/25
Equity Investments (original investments \$510,702) .....	\$ 659,366	
U.S. Govt. Obligation Money Market Funds.....	\$ 458,131*	
Accrued Interest on Certificates of Deposit.....	\$ 22,557	
 TOTAL Permanent Fund Balance .....	 <u>\$2,327,191</u>	

\* Money Market funds are high at 2/29/2024 due to recent CD maturities of \$424,000. That cash has been reinvested in CDs in March 2024, rebalancing the portfolio to 69.5% fixed income, 28.5% equities and 2% money market investments.