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School Board Workshop
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Investment Performance Update

The PFM Asset Management Group, which manages the Broward County Public Schools investment portfolio, came before the Board with the quarterly update.

The investment portfolio had a strong performance for the last 12 months and a strong performance in the 4th quarter giving a solid credit quality portfolio.

During the coming months there will be a few strategy changes. Funds will be allocated towards callable Federal Agency securities, as well as, increasing the portfolio exposure to FDIC Insured Corporate Notes. This higher allocation to callable securities will provide price protection as yields rise.

At this time interest rates are down, but at some point in the future they will go up and the securities will be moved to 10-year treasury notes. Interest rates are not expected to go up until 2010.

The District's investment portfolio has been going through a huge change in interest rates over the past years. For the past years there has been an inverted yield curve, which is an indicator of a recession, and PRM anticipated this and acted accordingly.

The Board Members suggested needing more frequent updates on the District's investments. The investment committee, in order to reassess its investing strategy in these tough economic times, will be meeting every two months. After the investment committee's meeting in April, staff will come before the Board in a workshop forum to update the Board.

The School District is in uncharted waters, and as the government is trying to maneuver through this economic crisis, there will be changes and it is important to keep updated.

The housing slump continues with Florida being a part of the hardest hit areas in the United States. Florida represents 17% of the whole country's foreclosures. Home sales are down 42% from the height of the housing boom in August 2005.

Because of low interest rates, the money market yields will also be historically low.

Staff then gave an update on the short-term investments. These funds are used for payroll and need to be liquid. A few years ago these dollars were invested in the State of Florida savings fund. The investment staff decided to pull these investments out and did so just before the fund was frozen. Investments are now in four safe government regulated money markets. Safety comes first and investment yield comes second in these ever changing economic times.

Material for this topic can be found on the eAgenda March 6, 2009 workshop.

The American Recovery and Reinvestment Act of 2009

February 17, 2009, the President signed the American Recovery and Reinvestment Act (ARRA) into law. The act sends stimulus funding to the states and uses existing channels, formula grant mechanisms, to release funds to school districts. The bill is intended to provide one time funding over a two-year period.

Out of the total \$787 billion in stimulus funds, roughly \$115 billion will go to education. Of this, 81.8% will be used for K-12 and higher education. The stimulus package will provide support for K-12 education in three ways:

- Additional funding for specified grant programs.
- The State fiscal stabilization fund.
- Authority to issue school construction bonds.

It is still an unknown, regarding the new dollars coming down for the disadvantaged handicap and State level stabilization, as to the specificity as to how it can be used.

The Superintendent has called for six committees to examine the needs of Broward County School District and find how these dollars can best be used.

The money we are receiving is delegated to specific funding, such as IDEA and Title I schools. The public needs to understand that we can only use this money specifically as designated.

Many of the government mandated programs have been under funded and hopefully these new funds will bring the funding up to where it should be.

Because of the decrease in the millage last year by the State, funds for construction have been greatly impacted. Two billion dollars will be lost in construction. Due to this millage reduction, the School District's Financial Officer, local banks, and businesses will be going to Tallahassee to inform the State of the domino affect this reduction has on the banking and construction businesses. This decrease in millage also hurts the School District's ability to get a bond for construction by impacting its credit rating, thus reducing its borrowing power. Under funding by the State also affects the Florida School Districts from receiving stimulus money. The state does not meet the stimulus package requirements. It is anticipated the State will be filling a waiver so that funds may be received.

There are many questions the Board Members have on the stimulus package and hoping that after Broward Days, March 10-12, 2009, and the meeting in Tallahassee with the Financial Officer, some questions will be answered. Further updates of the stimulus package will be scheduled once new information is discovered.

Material for this presentation can be found on the eAgenda March 6, 2009 workshop.

DAC /SBBC Parent Involvement (Discussion Topic)

The District Advisory Council, with newly elected officers, have new ideas and have committed to review the policy and bylaws.

The DAC Chair asked the Board what they saw as the Council's role. The Board had a discussion regarding only having the area DACs and possibly eliminating the district wide

council. After discussion it was clear that the District Advisory was needed to oversee and gather all areas requests.

It was found that the District Advisory Council did not hear requests from schools that did not have a majority interest. The Board requested that there be a mechanism to remedy this so that all requests were heard at the District level. The DAC Chair stated that it is the Chair's responsibility to get everyone heard, and suggested putting that statement in the DAC policy and bylaws. The Board Members stated that the training of DAC members was vital. This training included the history of DAC and how it has evolved. The training starts with SAC and SAF members, thus, they would understand their role. The Board suggested combining SAF with SAC. The meetings could run like a School Board meeting, allowing a period of time during the meeting for people to come forward to speak on their thoughts or concerns. This will be looked into.

The next steps were discussed:

- Ensure there is a process for the ESE chair to give information that is requested and that there be no delay in getting feedback.
- Training and teaching the history and the story of the DAC and the technical aspect.
- Review the composition requirement of the representative groups on ESE and Gifted.
- Look at the bylaws of SAC and SAF and see if there is a way to make it one group.
- Run DAC meetings like a Board Meetings, having speakers at a set time to hear the voice of each area, whether it is a majority or minority voice.
- Put the DAC Chair's responsibilities and the training requirement for the SAF Chair in the by-laws.

Board Members requested that one-half hour be scheduled in the future to update the Board on the policy and bylaws.

Facilities Website

Staff came before the School Board Members to demonstrate the new Facilities website. This new information tool allows School Board Members to look at construction projects in real time.

This website is a joint project with the technology and facilities departments. It has a new section that will allow you to search for a comprehensive listing of active and historical projects with the applicable project description, schedule, status and contact information.

You now can select a particular school and the site will tell you the project manager, the work order issued, capital projects, and details referring to those projects. The facilities website under historical projects will list projects from the past. The website is easy to navigate and lists contact people and detailed information. In the future more cost and permit information will be added to projects.

JFN:jd