

AGENDA ITEM SUMMARY FORM

MEETING DATE: 12 November 2024

PREPARED BY: Lindsay Koskiniemi, Interim Finance Director

AGENDA CONTENT: Discussion and possible action on the review and approval of the investment reports for Fiscal Year 2023-2024 for the quarters ended December 31, 2024, March 31, 2024, June 30, 2024, and September 30, 2024.

AGENDA ITEM SECTION: Consent Agenda

BUDGETED AMOUNT: N/A

FUNDS REQUESTED: N/A

FUND: All Funds

EXECUTIVE SUMMARY:

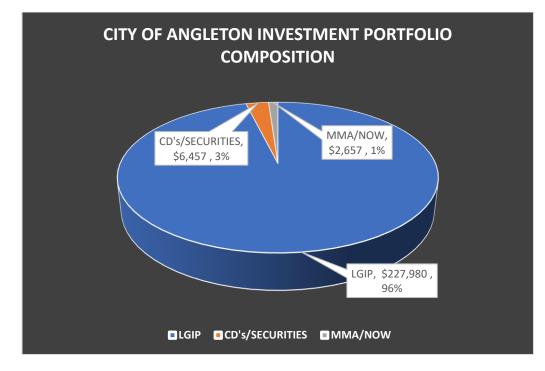
Chapter 2256 of the Texas Government Code is the Public Funds Investment Act. The Public Funds Investment Act (PFIA) governs the investment of public funds in Texas. The City of Angleton invests public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. Public funds are invested through programs such as General Funds, General Debt Service Funds, and Enterprise Funds. The City's investment portfolio is designed with the objective of attaining the best feasible rate of return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow. The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements and the funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio.

Reports included with this item cover the following time periods in Fiscal Year 2023-2024:

- Quarter 1: October, November, December 2023
- Quarter 2: January, February, March 2024
- Quarter 3: April, May, June 2024
- Quarter 4: July, August, September 2024

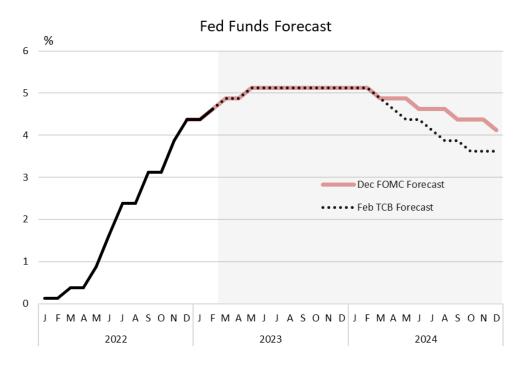
Federal interest rates throughout the 23/24 fiscal year were consistently over 4%, and even exceeded 5%, which rendered high interest income with fiscal year-end earnings totaling \$948,374. The high interest rates in FY24 were most evident in the local government investment pools, which comprised 96% of the City's portfolio investment earnings.

(graph next page)



The City of Angleton holds a majority of its bank accounts with First State Bank Louise and has the option to renegotiate interest earnings annually. The interest rate in all public funds interest bearing checking accounts (9 accounts total) was consistently 0.5%, and it is recommended that the City act to renegotiate the interest rate while rates are still relatively high. Presently, the City has accounts with FSBL earning 0.5%, with Texas Gulf Bank earning 0.05%, and Chase Bank (business checking) earning 0%. The Chase Bank account is currently receiving 0% interest in lieu of a \$95/month service fee.

Interest rates are declining and are expected to continue a downward trend through 2026. By the end of 2025, interest rates are conservatively expected to be around 2.5% - 3.0%





RECOMMENDATION:

Staff recommends review and approval of the attached quarterly investment reports for Fiscal Year 2023-2024. Going forward, these reports will be presented at the regular council meeting following the end of each fiscal quarter.

Staff recommends renegotiating the bank services terms with First State Bank Louise, Texas Gulf Bank, and Chase Bank to earn a higher percentage of interest before rates decrease.