



# AGENDA ITEM SUMMARY FORM

**MEETING DATE:** 20 December 2024

**PREPARED BY:** Lindsay Koskiniemi, CGFO, CPM, MPA, MSA

**AGENDA CONTENT:** Discussion and possible action to approve a resolution consenting to the City of Angleton’s participation in Texas Class Investment Pool consistent with Chapter 2256 of Texas Local Government Code

**AGENDA ITEM SECTION:** Consent Agenda

**BUDGETED AMOUNT:** N/A

**FUNDS REQUESTED:** N/A

**FUND:** New – Local Government Investment Pool account

## EXECUTIVE SUMMARY:

At the regular City Council meeting on October 22, 2024, the City Council of the City of Angleton approved an emergency note in the amount of \$4,000,000. On November 7, 2024, the funds were deposited in the City’s pooled cash account in the amount of \$3,991,641.70. This note is a new debt service that must be managed in its own fund to properly account for expenditures. While a fund has been established in the City’s accounting system, the funds remain in the Pooled Cash bank account, and staff recommends segregating the funds into a high interest-bearing investment account pursuant to the Public Funds Investment Act (Local Government Code Chapter 2256), and to manage the funds in a separate account for optimal transparency.

Staff researched several available local government investment pool accounts that meet the investment requirements of Chapter 2256 of the Texas Local Government Code. Consistent with the City’s investment policy (Resolution No. 20200714-019 as amended) and best management practices in municipal finance, 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.

A comparison of investment pool interest rates is provided below. In the last week of October when staff began to compare rates to research the best option for investing the 2024 Emergency Loan proceeds, Texas Class was the highest yielding investment pool. After contacting Texas Class, staff learned that approved meeting minutes are not required to open a new Texas Class investment account. This is advantageous to the City, as the City can deposit the proceeds from the 2024 Emergency Note and immediately begin earning interest. In contrast, most all LGIP’s require approved meeting minutes which often requires at least a 30-day lead time or more for City Council’s that meet monthly.

A resolution is included with this item for the City Council’s review and approval to allow staff to open a Texas Class investment account and begin earning interest as soon as possible.

Investment pools are not only attractive to public entities because of the competitive interest rates, but also because of liquidity. So long as wires are completed prior to 3:00 p.m. Central Standard Time on normal business days, the City will have access to funds immediately.

For the purpose of comparison, certificates of deposit were included in the research, however, CD’s are not recommended. Access to liquidity for the payment of emergency purposes is key, and CD’s penalize for redeeming early.

The following representatives from the City of Angleton are recommended for approval as authorized signers for the Texas Class account, if approved by ordinance:

- Susie Hernandez, Interim Finance Director
- Michelle Perez, City Secretary
- Christopher Whittaker, City Manager
- John Wright, Mayor

Action on opening a new investment account for the 2024 Emergency Note is urgent, due to rapidly declining interest rates, as shown in the projected decline of federal interest rates on the following page.

INVESTMENT POOL INTEREST RATE COMPARISON				NOTES
INSTITUTION	TYPE / SECURITY	7-DAY YIELD	AS OF DATE	
TEXPOOL	LGIP	4.5270%	12/19/2024	
TEXPOOL PRIME	LGIP	4.6293%	12/19/2024	
TEXSTAR	LGIP	4.4737%	12/19/2024	
LOGIC	LGIP	4.6494%	12/19/2024	
TEXAS CLASS	LGIP	4.7364%	12/19/2024	*NO APPROVED MEETING MINUTES REQUIRED
TEXAS CLASS GOVERNMENT	LGIP	4.4561%	12/19/2024	
LONE STAR GOVT OVERNIGHT	LGIP	4.4701%	12/19/2024	
LONE STAR CORP OVERNIGHT	LGIP	4.7832%	12/19/2024	
TEXASDAILY	LGIP	4.6100%	12/19/2024	
TEXASDAILY SELECT	LGIP	4.7800%	12/19/2024	
TEXASFIT CASH POOL	LGIP	4.8439%	12/18/2024	
TEXASFIT GOVERNMENT POOL	LGIP	4.4378%	12/18/2024	
FIRST STATE BANK LOUISE	CERTIFICATE OF DEPOSIT	2.68%	18-month maturity	*NOV 2024 RATE
FIRST STATE BANK LOUISE	CERTIFICATE OF DEPOSIT	3.80%	7-month maturity	*NOV 2024 RATE
TEXAS GULF BANK	CERTIFICATE OF DEPOSIT	3.40%	18-month maturity	*NOV 2024 RATE

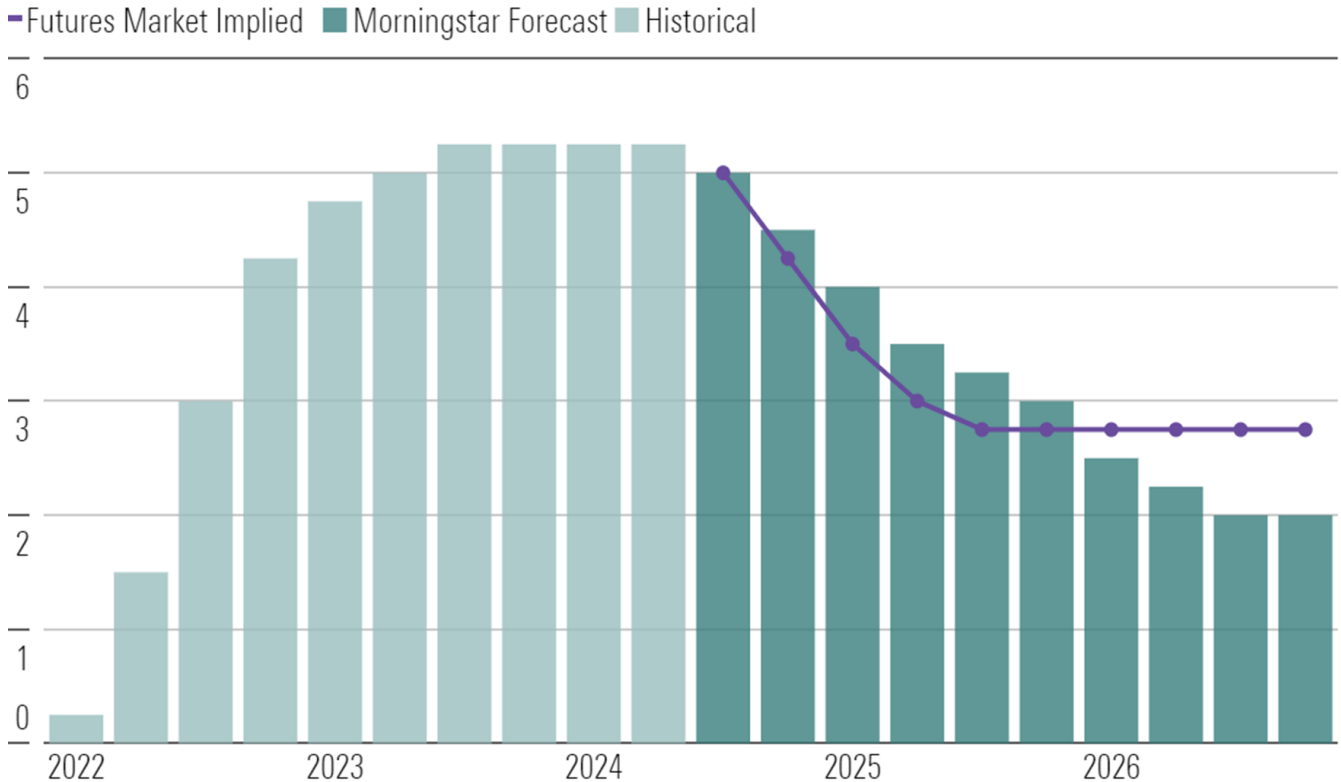
GFOA INFORMATION ON LOCAL GOVERNMENT INVESTMENT POOLS:

[Local Government Investment Pools](#)

CITY ALREADY PARTICIPATES

[Local Government Investment Pools \(LINK ACTIVE HERE – NOT ACTIVE ON ABOVE SCREEN SHOT\)](#)

### PROJECTED DECLINE OF FEDERAL INTEREST RATES:



### RECOMMENDATION:

Staff recommends approval of the attached resolution to participate in Texas Class Investment Pool and open a Texas Class Investment Pool account and naming Susie Hernandez, Interim Finance Director, Chris Whittaker, City Manager, Michelle Perez, City Secretary, and John Wright, Mayor as authorized representatives / signers.

### Recommended Motion:

“I move to approve a resolution to open an account with Texas Class Investment Pool to deposit the 2024 Emergency Note as soon as possible naming Susie Hernandez, Interim Finance Director, Chris Whittaker, City Manager, Michelle Perez, City Secretary, and John Wright, Mayor as authorized representatives / signers.”



