



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

April 6, 2023

AGENDA TOPIC: Consideration and possible action approving a Resolution designating Frost Bank as a depository of the City of Fair Oaks Ranch for the safekeeping of securities, authorizing individuals to execute safekeeping agreement, and establishing an effective date

DATE: April 6, 2023

DEPARTMENT: Finance

PRESENTED BY: Rosie Vela, Director of Finance

INTRODUCTION/BACKGROUND:

The Investment Policy of the City of Fair Oaks Ranch authorizes the City to invest in Obligations of the United States or its agencies and instrumentalities (Section IV, Authorized and Suitable Investments). United States Treasury obligations represent the highest credit quality in the world. Some examples of these obligations include Treasury Bills, Notes and Bonds, as well as securities from US agencies such as the Federal Housing Administration (FHA), Federal Home Loan Bank (FHLB), and General Services Administration (GSA). Since these agencies are supported by the US Government, they are generally accepted to be almost as risk free as treasuries.

Any securities which we purchase must be held at a bank for safekeeping. Since Frost Bank serves as the City's depository bank, we propose using Frost Bank as the safekeeping agent for any securities that are purchased.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Increase interest earnings through higher yield investments.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Enhanced interest earnings will assist the City in providing services for our citizens; with less reliance on other revenues.

LEGAL ANALYSIS:

Approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution designating Frost Bank as a depository of the City of Fair Oaks Ranch for the safekeeping of securities; authorizing individuals to execute safekeeping agreement; and establishing an effective date.