



AGENDA MEMO

Business of the City Council City of Sweeny, Texas

Meeting Date	10.24.2023	Agenda Item	
Approved by City Manager	Yes	Presenter(s)	Lindsay Koskiniemi, City Manager
Reviewed by City Attorney	No	Department	Administration / Finance
Subject	Discussion and possible action on the Fourth Quarter investment report of Fiscal Year 2022 – 2023, spanning July – September 2023		
Attachments	Q4 Investment Report		
Financial Information	Expenditure Required:	N/A	
	Amount Budgeted:	N/A	
	Account Number:		
	Additional Appropriation Required:		
	Additional Account Number:		

Executive Summary

Last year, the City Council gave staff permission to open Logic, TexStar, and TexPool Prime accounts, and staff opted to invest a large portion of the city’s account balances held in First State Bank Louise (FSBL) into the state-approved investment pools, chiefly into TexStar and Logic, as the City did not start earning interest in FSBL accounts until Fall of 2022. While FY23 presented a lot of widespread challenges related to inflation for many people, banks and investors saw a continuous incline in rising interest rates.

Last October, interest in the investment pools was paying at a rate around 3%, and by the end of September 2023, the interest rates continued to climb at 5.3% - over 5.5%.

The Fourth Quarter Investment Report is attached which includes the months of July, August, and September. Final year-end interest earnings are included in the report.

For all investments, the total collection for FY23 is \$227,697.75. Excluding interest earnings for Sweeny Economic Development Corporation, Sweeny Beautification Committee, Fire Department Donations, and Veterans Memorial Fund, the total interest earnings for FY23 total \$205,492.26. Interest rates are projected to continue to climb for the remainder of the calendar year. Financial market predictions project a slight decline in 2024 to around 4%, and closer to 3% by 2025.

Staff will continue investing practices consistent with the City’s Financial Policy and has asked why the floor rate of a quarter of one percent payable by FSBL has remained unchanged in FY23 while all other interest earnings have exceeded 5%.



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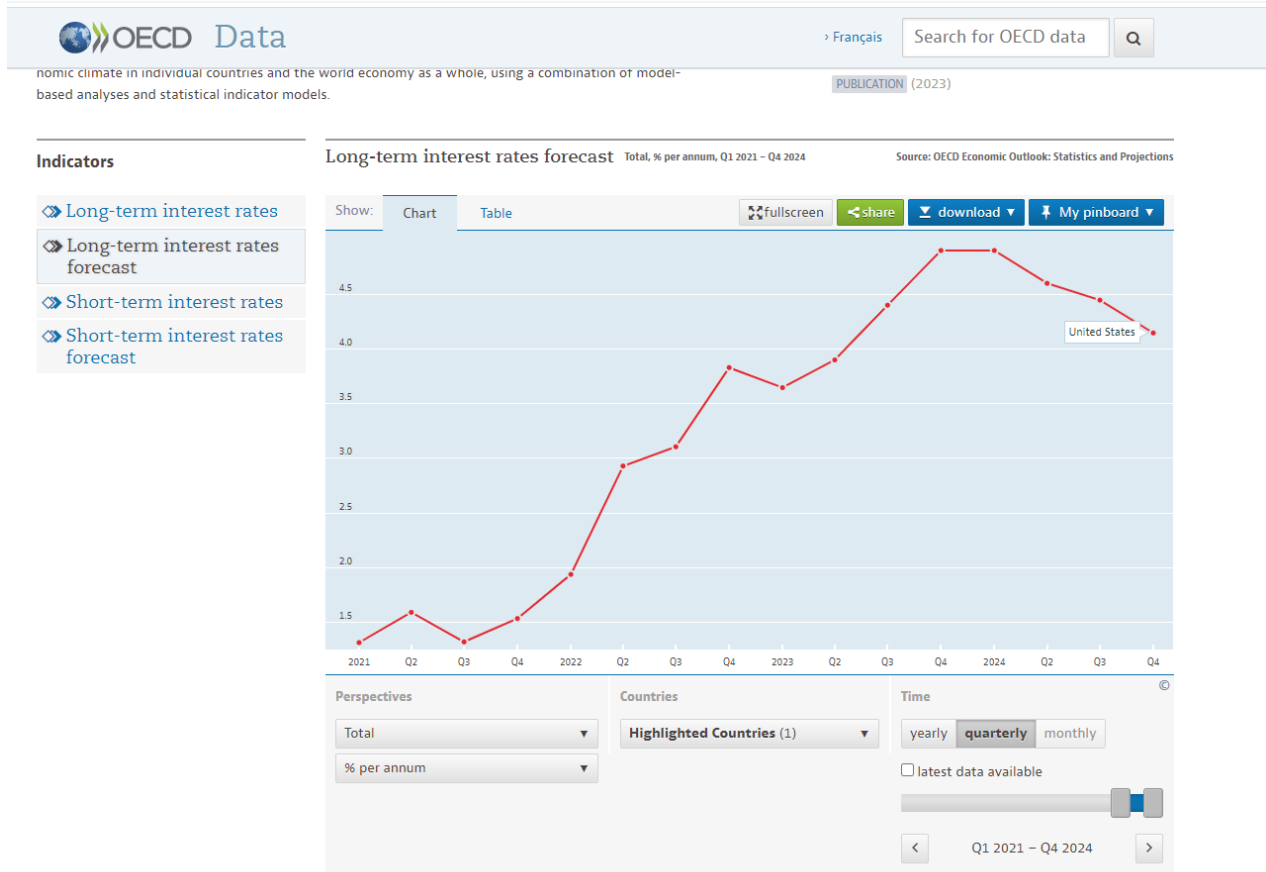


Chart made using Organisation for Economic Co-operation and Development via:
<https://data.oecd.org/interest/long-term-interest-rates-forecast.htm#indicator-chart>

Recommended Action

Staff recommends the Council's acceptance and approval of the FY23 Q4 investment report.