

CITY OF LA PORTE

Interoffice Memorandum

TO: Chuck Engelken, Councilmember
Jay Martin, Councilmember
Brandon Lunsford, Councilmember
Rick Helton, Mayor
Corby Alexander, City Manager

FROM: Michael Dolby, Director of Finance
Shelley Wolny, Assistant Director of Finance

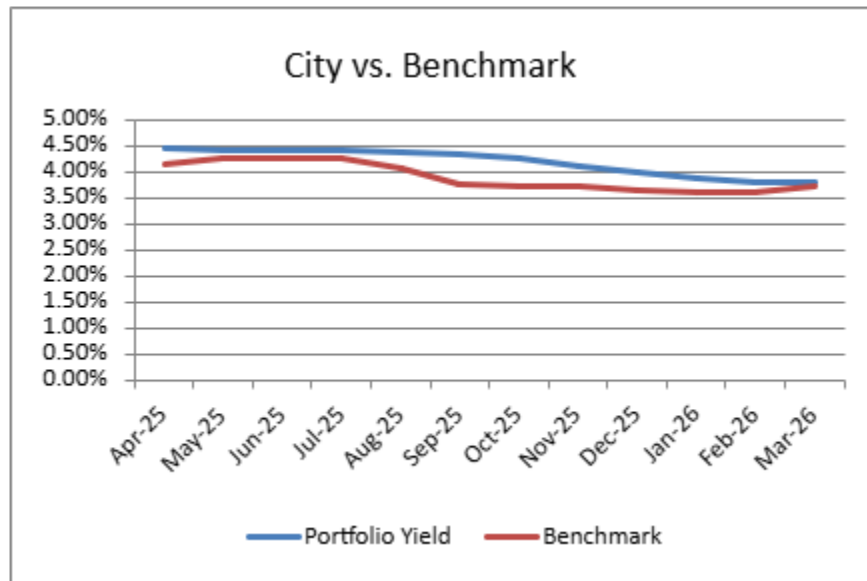
DATE: April 16, 2026

SUBJECT: Quarterly Investment Report

For the second quarter of fiscal year 2026, the City’s investment portfolio achieved an average yield of 3.82%, outperforming the 6-month Treasury benchmark of 3.64% by 18 basis points.

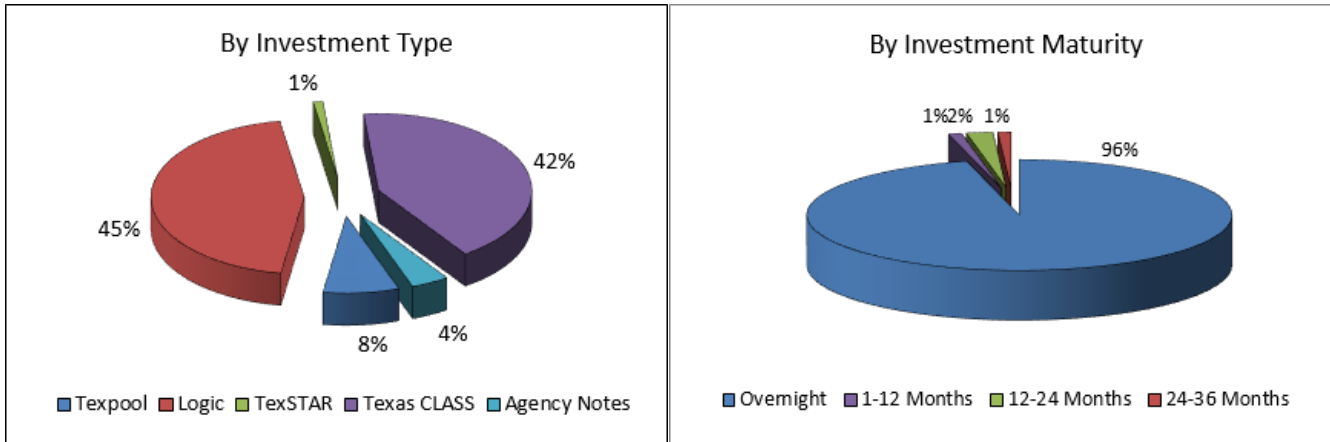
Total interest earnings across all funds year-to-date are \$5,125,138, representing approximately 67.28% of the annual budget of \$7,617,981.

The investment income budget was developed under the assumption that the Federal Open Market Committee would implement multiple rate cuts during the year. In addition, fund balances were projected to decline by approximately 10% due to capital improvement (CIP) expenditures, reducing the amount of funds available for investment.

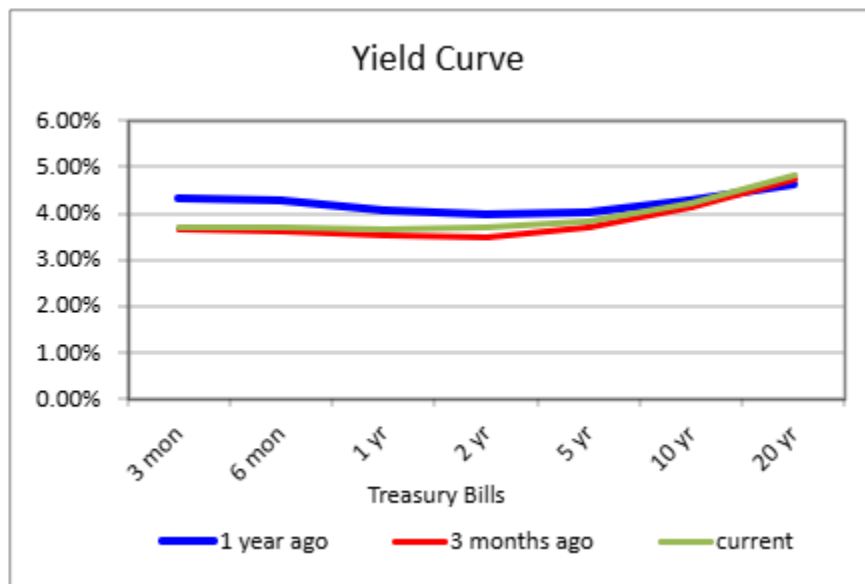


As of March 31, the City’s investment portfolio totaled \$297,800,066, with allocations of 45% in Logic, 42% in Texas CLASS, 8% in TexPool, 4% in Agency Notes, and 1% in TexSTAR. While the majority of funds remain invested in local government pools, staff continues to purchase agency securities each month to enhance yield, diversify holdings, and ladder maturities.

At the close of the second quarter of fiscal year 2026, the portfolio remained highly liquid, with 96% maturing overnight, 1% maturing within 1–12 months, 2% in 12–24 months, and 1% in 24–36 months.



At the end of March, Treasury yields were 3.72% for the 3-month, 3.71% for the 2-year, 3.85% for the 5-year, and 4.83% for the 20-year. The blue line in the graph below reflects yield levels from one year earlier, when the federal funds rate was in a higher range of 4.25% to 4.50%.



At the latest meeting on March 18, 2026, the Federal Reserve held interest rates steady at 3.50%–3.75%, continuing its pause as it evaluates incoming economic data. While the economy remains resilient, inflation is still above target, and the labor market is showing early signs of cooling.

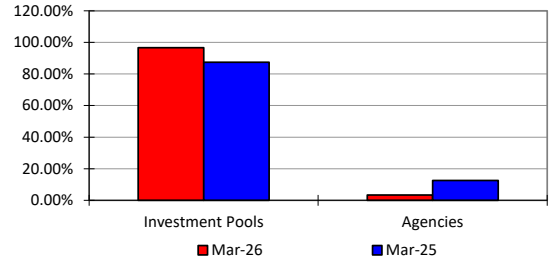
The Fed signaled a cautious, wait-and-see approach, indicating no urgency to cut rates until there is clearer progress on inflation. Updated projections suggest rates may stay higher for longer, with only limited easing expected this year.

In summary, the Fed remains patient and focused on inflation, keeping policy restrictive and delaying expectations for near-term rate cuts. Staff will continue to closely monitor economic conditions, and the strategy for the portfolio will, as always, focus on laddering to pick up yield along the curve and maintaining a constant cash flow and liquid position.

**Portfolio Composition and Value
as of March 31, 2026**

	Par Value	Book Value	Market Value	Days to Maturity
Investment Pools*	287,800,066	287,800,066	287,800,066	47
Agencies	10,000,000	10,000,000	9,961,145	734
Total	297,800,066	297,800,066	297,761,211	70

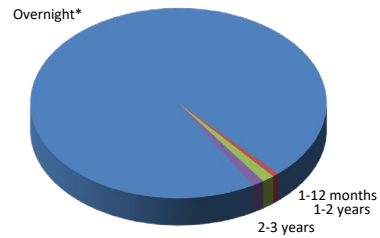
*Includes \$47,474,341.32 in bond funds for CIP projects.



**Investment Maturity Schedule
as of March 31, 2026**

	Book Value	Percent
Overnight*	287,800,066	96.64%
1-12 months	2,000,000	0.67%
1-2 years	4,000,000	1.34%
2-3 years	4,000,000	1.34%
Total	297,800,066	100.00%

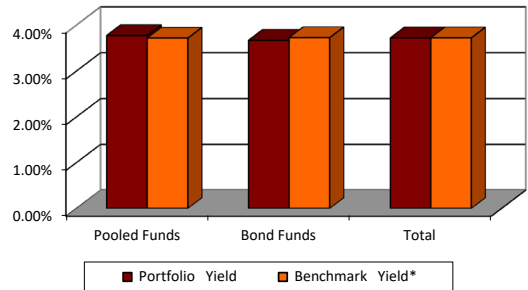
*Includes \$47,474,341.32 in bond funds for CIP projects.



**Portfolio Performance
as of March 31, 2026**

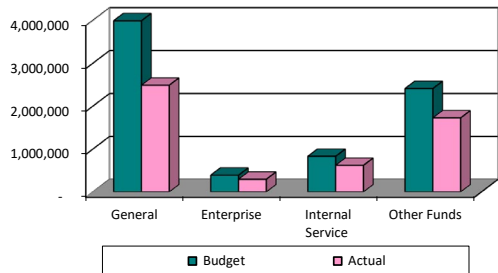
	Portfolio Yield	Benchmark Yield*	Weighted Average Maturity
Pooled Funds	3.78%	3.72%	2.53 months
Bond Funds	3.67%	3.73%	47 days
Total	3.72%	3.72%	2.32 months

*The pooled funds benchmark is based on the average monthly yield of a 6-month Treasury.
The bond funds benchmark yield is based on the average monthly yield of a 1-month Treasury.
The total is based on weighted average monthly benchmark yields.

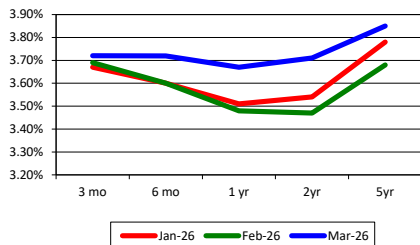


**Portfolio Earnings
as of March 31, 2026**

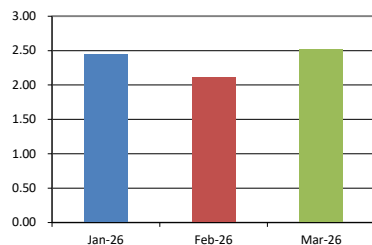
	Budget	Actual	Percent
General	3,989,288	2,486,169	62.32%
Enterprise	390,506	294,356	75.38%
Internal Service	830,046	619,933	74.69%
Other Funds	2,408,141	1,724,680	71.62%
Total	7,617,981	5,125,138	67.28%



Yield Curve



WAM - Pooled Funds



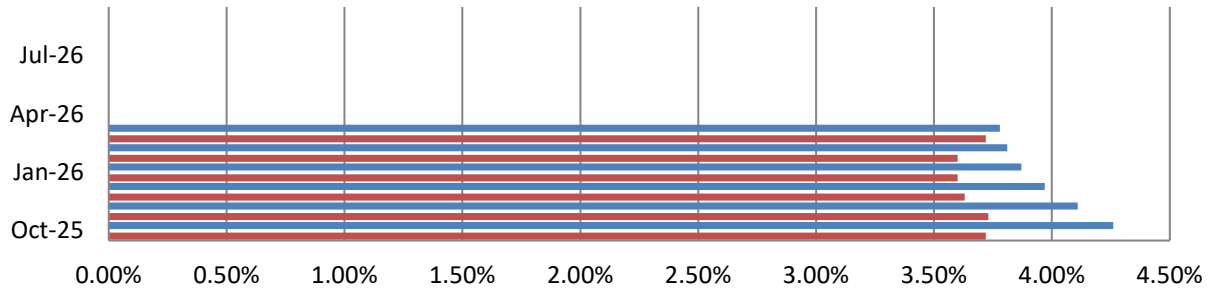
% of funds invested in:

	March	
	2026	2025
Securities & Pools	98.26%	98.72%
Bank Depository	1.74%	1.28%
Total % of funds invested	100.00%	100.00%

Operating Account Balance

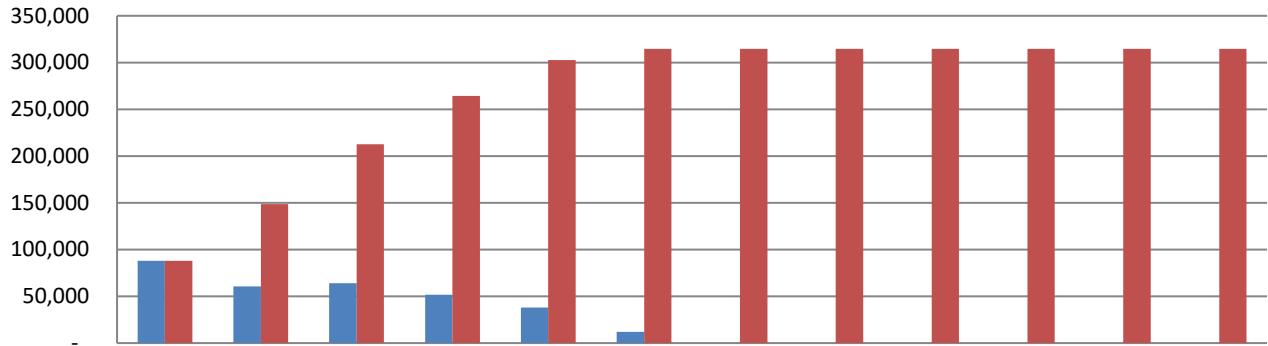
	5,288,191	3,736,824
--	-----------	-----------

Portfolio Yield vs Benchmark



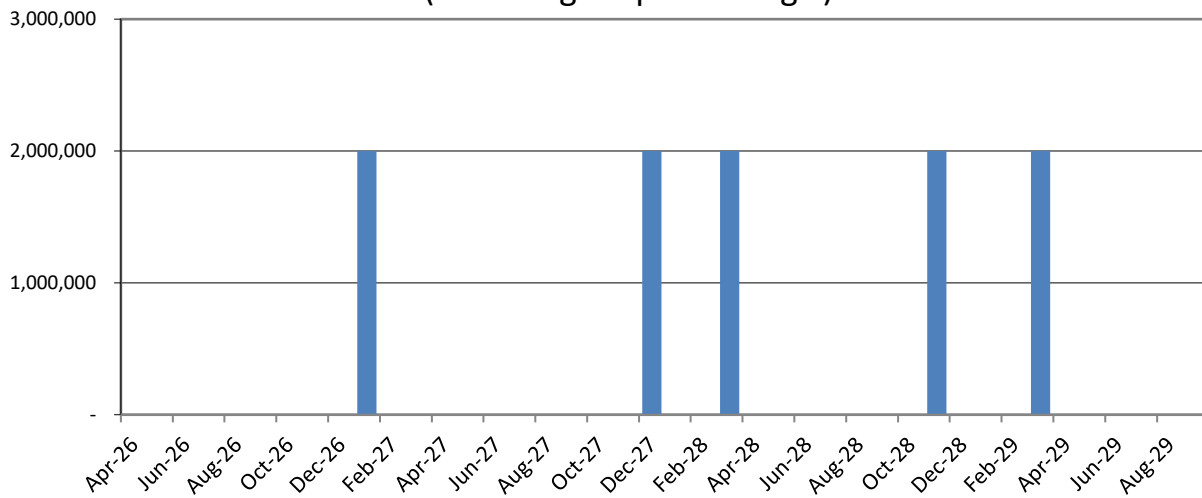
	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
■ Portfolio Yield	4.26%	4.11%	3.97%	3.87%	3.81%	3.78%						
■ Benchmark	3.72%	3.73%	3.63%	3.60%	3.60%	3.72%						

Additional Earnings (over 6 month Treasury Bill)

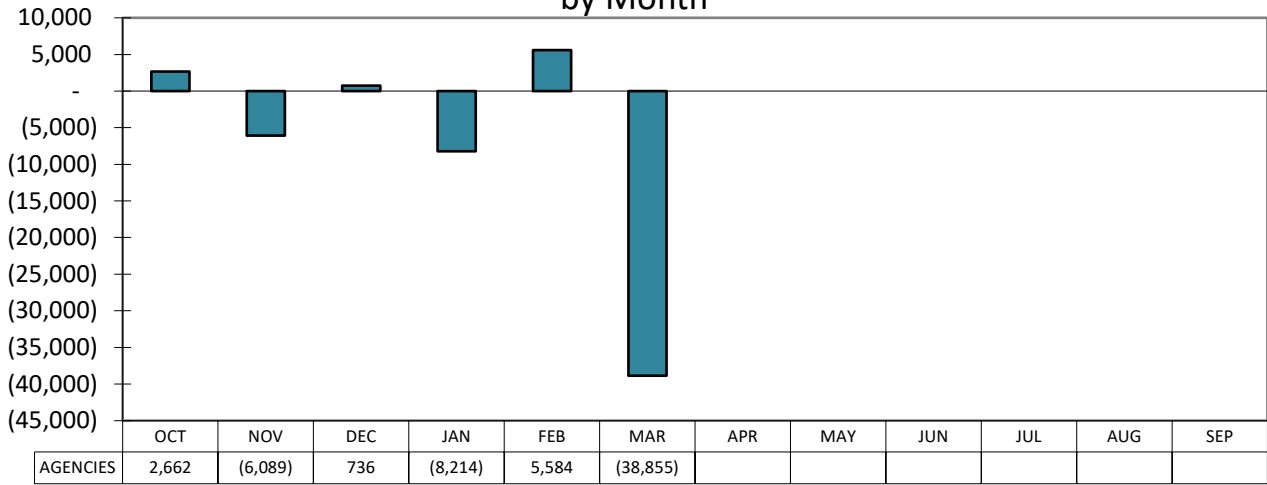


	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
■ Add Erng	88,010	60,664	63,979	51,799	38,137	12,138						
■ Cumm Erng	88,010	148,674	212,653	264,452	302,589	314,727	314,727	314,727	314,727	314,727	314,727	314,727

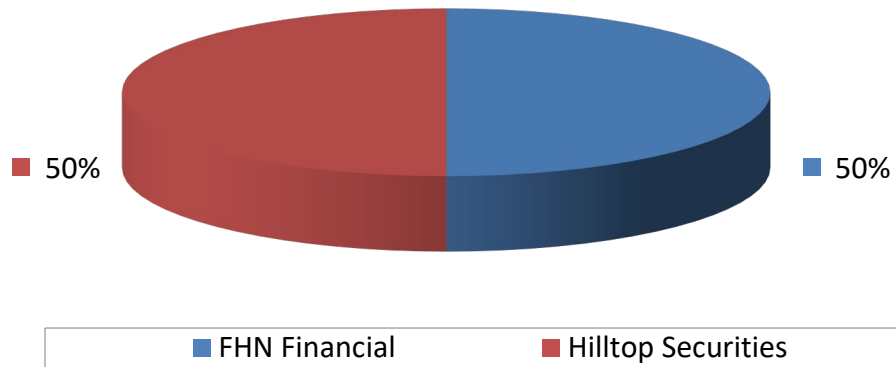
Investment Maturity & Cashflow (excluding Texpool & Logic)



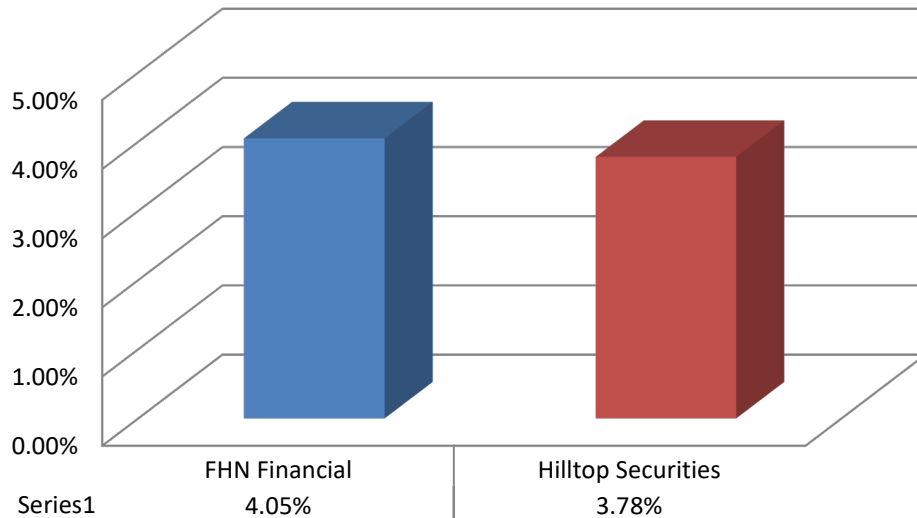
Market Gain (Loss) by Month



Monthly Portfolio Division




Average Return on Investments



March 31, 2026

This report is in full compliance with the investment strategy as established for the pooled investment fund and the Public Funds Investment Act (Chapter 2256).


Michael G. Dolby, CPA
Director of Finance


Shelley Wolny
Assistant Director of Finance