Administrative Report

J.1., **File #** 26-0935 **Meeting Date:** 8/13/2026

To: **BUDGET AND FINANCE COMMISSION**

From: **EUGENE SOLOMON, CITY TREASURER**

TITLE
CITY TREASURER'S FOURTH QUARTER 2025-26 REPORT

EXECUTIVE SUMMARY
The City Treasurer manages the City's cash flows while earning a competitive rate of return on investments within the constraints of the City's Investment Policy and the California Government Code. This City Treasurer's report for the fourth quarter of fiscal year 2025-2026 details the composition of the investment portfolio and investment transactions that occurred during the period from April to June 2026. Meeder Investment serves as an investment advisor to the City Treasurer. The Meeder Investment report with this package includes a comprehensive analysis of the City's investment portfolio and investment market trends.

Notable sections of this report include:

- Treasurer's Portfolio Summary
- Investment Reporting Guidelines
- Comparison of LAIF and CAMP
- Investment Report by Meeder Investment
    - Portfolio Summary
    - Investment Policy Compliance Report
    - Investment Activity Report
    - Economic and Market Update

City Treasurer's Portfolio Summary
The City's investment portfolio is in compliance with the City's Investment Policy and the California Government Code as of quarter end. The market value of the City's general investment portfolio changed to $89.30MM from $77.76MM at the end of the prior quarter. This change in the investment portfolio resulted from anticipated fluctuations in cash flow trends for both general operations and the capital improvement program's revenue and spending.

The City has sufficient liquidity to meet expenditures for the next six months. Investment portfolio liquidity comprises both the City's LGIP balances, 46.9% of the portfolio as of quarter end, and securities maturing within one year, 37.9%.

Quarter Over Quarter Comparison of Investment Portfolio Positions

Portfolio positions at the end of each quarter are listed by investment type, dollar amount (book value), and percentage mix of the overall general investment portfolio.

Comparison of Investment Portfolio Positions

Fiscal Year 2025-2026

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Cash in Banks	$11,795,033		$10,424,788		$9,289,338		$8,463,482	
Investment Type	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Money Market	$9,330,381	12.8%	$7,801,389	9.8%	$1,230,883	1.6%	$441,115	0.5%
CAMP	$12,401,737	17.0%	$12,530,377	15.7%	$59,885	0.1%	$60,450	0.1%
Local Agency Investment Fund	$108,917	0.2%	$15,110,107	18.9%	$30,116,452	38.7%	$41,398,964	46.3%
Treasuries	$15,928,128	21.8%	$8,948,228	11.2%	$12,564,491	16.1%	$15,580,697	17.4%
Federal Agency Issues	$24,834,595	33.9%	$24,874,731	31.2%	$24,913,994	32.0%	$24,953,694	27.9%
Commercial Paper	-	-	-	-	-	-	-	-
Corporate Medium Term Notes	$10,565,811	14.4%	$10,583,199	13.3%	$9,012,154	11.6%	$7,016,220	7.8%
Bank Certificates of Deposit	-	-	-	-	-	-	-	-
Total Investment Portfolio	**$73,169,570**	**100.0%**	**$79,848,030**	**100.0%**	**$77,897,859**	**100.0%**	**$89,451,139**	**100.0%**
Weighted Average Maturity (Yrs)	0.75		0.54		0.52		0.45	
Effective Rate of Return YTD	3.23%		3.28%		2.90%		3.05%	
LAIF Apportionment Rate	4.34%		4.20%		3.98%		3.92%	
Benchmark Yield at Market	4.34%		4.25%		4.12%		4.04%	
Interest Earned YTD	$575,653		$1,074,634		$1,699,108		$2,381,298	
General Fund Contribution (~60%)	$345,392		$644,781		$1,019,465		$1,428,779	

Fiscal Year 2024-2025

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Cash in Banks	$7,621,789		$25,487,932		$13,508,000		$9,865,121	
Investment Type	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Money Market	$6,410,529	6.9%	$125,864	0.2%	$2,716,937	3.2%	$3,208,888	3.5%
CAMP	-	-	-	-	$8,099,787	9.5%	$19,252,779	21.2%
Local Agency Investment Fund	$104,103	0.1%	$105,337	0.1%	$106,563	0.1%	$107,737	0.1%
Treasuries	$38,496,825	41.2%	$31,755,588	41.7%	$32,804,960	38.6%	$32,890,362	36.2%
Federal Agency Issues	$35,668,724	38.2%	$31,704,178	41.6%	$28,743,576	33.8%	$24,794,460	27.3%
Commercial Paper	-	-	-	-	-	-	-	-
Corporate Medium Term Notes	$12,463,061	13.3%	$12,495,672	16.4%	$12,527,582	14.7%	$10,548,423	11.6%
Bank Certificates of Deposit	$247,995	0.3%	-	-	-	-	-	-
Total Investment Portfolio	**$93,391,237**	**100.0%**	**$76,186,640**	**100.0%**	**$84,999,404**	**100.0%**	**$90,802,649**	**100.0%**
Weighted Average Maturity (Yrs)	1.45		1.46		1.12		0.76	
Effective Rate of Return YTD	3.21%		3.08%		3.26%		3.07%	
LAIF Apportionment Rate	4.71%		4.62%		4.48%		4.40%	
Benchmark Yield at Market	4.21%		4.38%		4.45%		4.40%	
Interest Earned YTD	$615,313		$1,070,841		$1,604,265		$2,793,124	
General Fund Contribution (~60%)	$369,188		$642,505		$962,559		$1,675,874	

Fiscal Year 2023-2024

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Cash in Banks	$6,469,818		$13,256,219		$11,755,717		$10,560,379	
Investment Type	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Money Market	$8,733,993	8.8%	$19,612,340	19.5%	$15,881,678	15.4%	$18,202,927	17.0%
CAMP	-	-	-	-	-	-	-	-
Local Agency Investment Fund	$98,106	0.1%	$100,842	0.1%	$101,853	0.1%	$102,941	0.1%
Treasuries	$32,755,612	32.9%	$28,785,152	28.7%	$33,811,331	32.7%	$33,785,899	31.5%
Federal Agency Issues	$49,969,031	50.2%	$48,017,978	47.8%	$48,066,986	46.5%	$46,615,561	43.4%
Commercial Paper	-	-	-	-	-	-	-	-
Corporate Medium Term Notes	$6,905,358	6.9%	$2,921,402	2.9%	$4,468,652	4.3%	$8,405,345	7.8%
Bank Certificates of Deposit	$991,797	1.0%	$991,856	1.0%	$991,914	1.0%	$247,965	0.2%
Total Investment Portfolio	**$99,453,897**	**100.0%**	**$100,429,570**	**100.0%**	**$103,322,415**	**100.0%**	**$107,360,638**	**100.0%**
Weighted Average Maturity (Yrs)	1.96		1.73		1.54		1.39	
Effective Rate of Return YTD	2.82%		2.96%		2.71%		2.78%	
LAIF Apportionment Rate	3.59%		4.00%		4.30%		4.55%	
Benchmark Yield at Market	2.66%		3.10%		3.53%		3.95%	
Interest Earned YTD	$675,178		$1,260,353		$2,023,050		$2,773,041	
General Fund Contribution (~60%)	$405,107		$756,212		$1,213,830		$1,663,825	

Fiscal Year 2022-2023

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Cash in Banks	$10,955,229		$9,223,658		$6,359,470		$9,742,075	
Investment Type	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Money Market	-	-	$5,149,678	4.4%	$13,392,052	11.3%	$8,931,843	7.8%
CAMP	-	-	-	-	-	-	-	-
Local Agency Investment Fund	$16,071,480	14.5%	$27,137,556	23.1%	$5,225,372	4.4%	$1,087,813	0.9%
Treasuries	$32,895,368	29.7%	$27,910,842	23.8%	$32,831,737	27.8%	$37,713,483	32.9%
Federal Agency Issues	$53,439,957	48.3%	$47,448,367	40.4%	$56,867,881	48.1%	$56,918,780	49.7%
Commercial Paper	-	-	-	-	-	-	-	-
Corporate Medium Term Notes	$6,981,521	6.3%	$8,847,387	7.5%	$8,866,737	7.5%	$8,885,872	7.8%
Bank Certificates of Deposit	$1,239,564	1.1%	$991,622	0.8%	$991,680	0.8%	$991,738	0.9%
Total Investment Portfolio	**$110,627,890**	**100.0%**	**$117,485,452**	**100.0%**	**$118,175,459**	**100.0%**	**$114,529,529**	**100.0%**
Weighted Average Maturity (Yrs)	1.99		1.72		1.97		1.91	
Effective Rate of Return YTD	1.51%		1.71%		2.10%		2.29%	
LAIF Apportionment Rate	1.35%		2.07%		2.74%		3.15%	
Benchmark Yield at Market	0.97%		1.38%		1.76%		2.19%	
Interest Earned YTD	$425,012		$952,194		$1,695,368		$2,435,724	
General Fund Contribution (~60%)	$255,007		$571,316		$1,017,221		$1,461,434	

Yield

The weighted average yield to maturity at cost (book yield) of the portfolio is 3.41%. The effective rate of return for the fiscal year to date is 3.05%. Yield is a snapshot in time of what the portfolio is **expected** to earn including certain assumptions whereas the effective rate of return is the annualized return on **actual** investment income received during a period of time.

Investment Portfolio Performance vs. Benchmark

At the end of the quarter, the yield to maturity at cost on the City's investment portfolio was 3.41%. The City's yield at cost was 0.63% below the benchmark's yield at market was 4.04%. The 30-month moving average of the yield at market of the ICE BofA U.S. Treasury Note 0-5 Year Index is used to represent a market rate of return.

Mark to Market
The City Treasurer compares market values of the portfolio holdings to their original cost. At the close of the quarter, the net asset value is $1.00, which means the market value is line with the original cost of investments. The market value of $89,295,277 is $155,862 below the portfolio's book value (original cost) of $89,451,139.

Trading Activity
During the quarter, the City purchased three U.S. Treasury securities and two securities matured.

Transaction	Settle Date	Issuer	Par	Yield	Maturity Date
Buy	06/02/2026	UNITED STATES TREASURY	$2,000,000	4.04%	05/31/2028
Buy	06/17/2026	UNITED STATES TREASURY	$1,000,000	4.16%	05/31/2031
Buy	06/17/2026	UNITED STATES TREASURY	$1,000,000	4.09%	06/15/2029
Maturity	05/31/2026	UNITED STATES TREASURY	$1,000,000	-	05/31/2026
Maturity	06/10/2026	JOHN DEERE CAPITAL CORP	$2,000,000	-	06/10/2026

Fiscal Impact
Interest earned for the Fiscal Year 2025-2026 was $2,381,298 for the entire portfolio. The General Fund constitutes approximately 60% of the investment portfolio and the interest income generated by the portfolio, resulting in $1,428,779 interest income apportioned to the General Fund. The budgeted contribution of interest to the General Fund for this fiscal year was $1,500,000.

LAIF Balances

Account	As of June 30, 2026
General Account	$41,398,964.48
Successor Agency for RDA	$2,146,552.38
Public Financing Authority	$2,248,961.56
Parking Authority	$5,945.91
Total	**$45,800,424.33**

Cash in Banks

Fund*	As of June 30, 2026

General Fund	$8,463,481.50
Workmen's Compensation Fund	$1,048,680.25
Successor Agency of RDA	$1,727,617.49
Trust Account	$7,614.40
Housing Authority BLKPNDG	$3,172,487
Financing Authority	$158,939
Parking Authority	$1,074.46
Measure R Local Return	$1,857,377.02
City of Redondo Beach - FSA	$106,837.51
Total	**$16,544,108.63**

*All Agency, Authority, and Miscellaneous Funds in Banks

Bank Account Descriptions

General Fund - 201
Into the City's general checking account are deposited most of the City's revenue, including General Fund taxes, grant revenue (except for the Housing Authority), Harbor Enterprise rental income, and sewer fees. From the general checking account are automatic transfers to the payroll and warrant accounts (as payments clear the bank) and purchases of investments.

Workmen's Compensation Fund - 210
A Bank of America checking account has been established for the payment of workers' compensation claims. The City's third-party administrator, AdminSure, writes the checks from this account on the City's behalf. Monthly, the City replenishes the account with a City Council-approved accounts payable check.

Successor Agency of RDA - 213 / Successor Agency of RDA - 694
The Successor Agency to the former Redevelopment Agency maintains both a Bank of America checking account (with a larger balance) and a Bank of America interest checking account (with a smaller balance). A few years ago, the bank changed the accounts to this structure from a checking account and a savings account. The checking account activity reflects biannual deposits of Redevelopment Property Tax Trust Fund (RPTTF) revenue as a result of the Recognized Obligation Payment Schedule (ROPS) process, whereby the City reports to the Department of Finance the amount of funding necessary to make its Redevelopment Agency debt service payments (together with the applicable administrative costs). Those debt service payments are then made from this checking account, and the administrative cost reimbursement is transferred to the City's general checking account. The activity in the interest checking account is currently only deposits of interest earned.

Trust Account - 212
The Police Department deposits bail money into this checking account and then transfers these funds to the courts by way of checks. The balance of the account has been $7,364.40 for several years, but it could be higher at the end of the month/quarter if a check is outstanding at the time.

Housing Authority - 207/Housing Authority - 023
The Housing Authority maintains both a checking account and a government money market savings account. Into the checking account are deposited grant funds from HUD for the operation of the Fair Housing and Section 8 housing programs. Payments to landlords are then made monthly from this account, and periodically, a check is written to the City as reimbursement for administrative costs paid by the City on the Housing Authority's behalf. The activity in the government money market savings account is currently only deposits of interest earned.

Financing Authority - 168
The Community Financing Authority (CFA), a joint powers authority of the City and the Parking Authority, was formed January 31, 2012 when the Kincaid's Restaurant lease was transferred from the Public Financing Authority (PFA), a joint powers authority of the City and the Redevelopment Agency, upon the Redevelopment Agency's elimination by the State. The Financing Authority checking account is used for the lease-related transactions, including rental income, loan payments, sewer user fees, and possessory interest property tax payments.

Parking Authority - 675
The Parking Authority was established on March 3, 1969, under the provisions of the Streets and Highways Code of the State of California. Its primary purpose has been to provide public off-street parking within the City. The Parking Authority is currently inactive, with a little more than $5,000 remaining in a Bank of America interest checking account and a little less than $5,000 remaining in a LAIF account from its previous activities.

Measure R Local Return - 874
Measure R monies come from a 2008 voter-approved ½ cent sales tax levied within Los Angeles County for public transportation purposes. Per a Los Angeles County Metropolitan Transportation Authority (LACMTA) audit recommendation, Measure R monies are to be maintained in a separate bank account. Because expenditures from the Measure R Fund (primarily for capital improvement projects) are paid through the City's accounts payable system and "General Fund" bank account, this separate Measure R Local Return interest checking account is funded by periodic transfers from the "General Fund" bank account instead of Measure R monies being deposited directly to the account.

City of Redondo Beach - FSA - 825
The City contracts with Sterling to offer its employees Flexible Spending Accounts (FSAs), which allow the employees to set aside, before taxes, a portion of their yearly income to pay for qualified medical and/or dependent care expenses. These funds withheld from the employees' paychecks are transferred to this separate checking account each pay period. The medical and dependent care expenses are then paid by Sterling from this account.

Investment Reporting Guidelines
Please note the following guidelines from the Government Finance Officers Association *Financial Management Checklists for Elected Officials:*

- Always remember whose money it is (it's the community's, not yours)-and act accordingly in a responsible stewardship capacity.

- The generally accepted objectives in managing public funds, in priority order, are:
    - Safety
    - Liquidity
    - Yield
- An investment manager's objective is to earn a reasonable rate of return on the City's investments, while preserving capital in the overall portfolio. It should never be an investment manager's goal to earn maximum returns on the city's portfolio, as this would expose the city to an unacceptable level of risk. Failures in public investing occur when either:
    - Policies were not clear.
    - Policies were inappropriate.
    - Policies were not followed.
    - Oversight was inadequate.

Questions to Ask:

- Do you review the investment policy?
- Do you understand the City's investment program?
- Do you receive and review periodic investment reports?
- Are they clear, concise? Are they readable? Do you fully understand them? (If you can't, this is more likely to be because they've been presented poorly, and may reflect problems, than any "technical" problems with your ability to understand them because it's too "complex." First, it's the job of your staff to make them readable and understandable; and secondly, if the City's portfolio is genuinely that complex, perhaps it shouldn't be.)
- Are there lots of investments and transactions? Why? Most cities do not have portfolios that justify "active" management with lots of sales, purchases, and trades.
- Are your investments diversified? Or have you placed "all of your eggs in one basket?"
- What ongoing oversight is there? By whom?

<u>Comparison of LAIF and CAMP</u>

LAIF, the Local Agency Investment Fund, and CAMP, the California Asset Management Program, are both local government investment pools (LGIPs) offering California public agency investors high-quality, short-term investments for cash management.
A primary distinction is that LAIF is operated by the State Treasurer, while CAMP is a joint powers authority (JPA). LAIF is managed and administered by the California State Treasurer under California Government Code §16429.1 et seq, which defines LAIF's universe of authorized investments. LAIF pays a quarterly distribution. CAMP is permitted by California Government Code 53601(p). CAMP is governed by representatives of JPA member agencies and professionally managed, investing in high-quality investments permitted by California Government Code §53601. CAMP pays a monthly distribution.

Another key distinction is the differences in the investment strategy employed by each pool, which drives the differences in their yield and performance through interest cycles. LAIF tends to invest primarily in government securities and has maintained a weighted average maturity of around 260-280 days historically. LAIF has not obtained a credit rating. CAMP adheres to GASB 79 and S&P guidelines to maintain its AAAm rating, which both restrict underlying maturities and credit quality as well as pool level risk characteristics such as weighted average maturity (must remain at or below 60 days). LAIF does not promise dollar in dollar out transactions though it has historically operated that way, providing a Fair Value Factor to monitor the value LAIF balances. CAMP is managed to maintain a stable net asset value of $1.00, meaning share balance is the same as the dollar value. Both are designed to provide public agencies with a safe, liquid investment option.

Sector Composition as of June 30, 2026

Submitted by:
Eugene Solomon, City Treasurer

ATTACHMENTS

Meeder Investment Report for the Fourth Quarter ended June 30, 2026
Fourth Quarter PowerPoint Presentation