December 3, 2024 Item No. **10j(1)**

Honorable Mayor and Members City Council Meeting
of the Marina City Council of December 3, 2024

Honorable Chairperson and Members Successor Agency Meeting
of the Successor Agency to Marina Redevelopment Agency of December 3, 2024

Chair and Board Members of Corporation Meeting
Preston Park Sustainable Community Non-Profit Corporation of December 3, 2024

CITY COUNCIL OF THE CITY OF MARINA, SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY BOARD, AND PRESTON PARK SUSTAINABLE COMMUNITY NPC BOARD TO RECEIVE INVESTMENT REPORTS FOR THE CITY OF MARINA, CITY OF MARINA AS SUCCESSOR AGENCY TO THE MARINA REDEVELOPMENT AGENCY, AND PRESTON PARK SUSTAINABLE COMMUNITY NON-PROFIT CORPORATION AND ABRAMS B NON-PROFIT CORPORATION FOR THE QUARTER ENDED SEPTEMBER 2024

REQUEST:

It is requested that the City Council and Boards:

1. Consider receiving Investment Reports for the City of Marina, City of Marina as Successor Agency to the Marina Redevelopment Agency, and Preston Park Sustainable Community Non-Profit Corporation (PPSC-NPC) and Abrams B Non-Profit Corporation for the quarter ended September 30, 2024.

BACKGROUND:

Cash Management

At the end of the first quarter, the City's aggregate cash and investments was $161.5 million. This represents a decrease of $4.0 million when compared to the prior quarter. Property tax, which is one of the City's key revenues, is primarily received in April and December. This uneven revenue receipting pattern, as well as planned expenditures contributes to a reduction in the first quarter cash.

The City's fiduciary funds, which consist of the Successor Agency to the Marina Redevelopment Agency and the Fort Ord Reuse Authority (FORA) bond reserve account, were $6.2 million and $14,174, respectively. This represents a $2.3 million reduction in the Successor Agency Fund's cash position, when compared to the prior quarter. This decrease was primarily due to bond payments that were made in the first quarter of the fiscal year.

The combined Preston Park and Abrams Park balances were $16.8 million. The quarterly increase of approximately $800,000 reflects on-going revenues and timing differences associated with expenditures.

Consistent with the City's investment strategy of capital preservation, the City has continued to maintain significant cash with the Local Agency Investment Fund (LAIF), US Treasury Bills, US Agency Bonds.
An overview of City investments is presented below, with detailed information included in the attached reports.

Table I: Cash and Investments

Summary of Cash and Investments
Amounts in Millions
Quarter Ended September 30, 2024

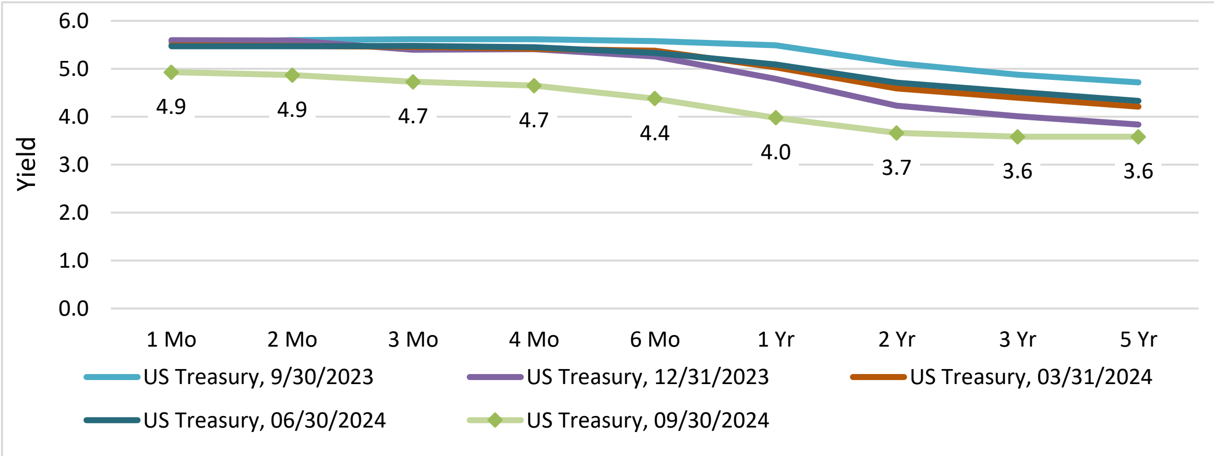
	June		September		Change (Curr - Prev)	
City	Yield	Amount	Yield	Amount	Yield	Amount
Cash	0.00%	2.97	0.00%	3.45	0.00%	0.48
LAIF	4.36%	53.03	4.56%	50.19	0.20%	(2.84)
US Treasury Bills	5.08%	98.50	4.96%	92.32	-0.12%	(6.18)
US Agency Bonds	-	-	4.50%	5.02	4.50%	5.02
Restricted Money Market - Bond Proceeds/Reserves	4.86%	10.97	4.47%	10.51	-0.39%	(0.46)
Subtotal		165.47		161.48		(3.99)
Fiduciary						
Cash	0.00%	0.15	0.00%	0.12	0.00%	(0.03)
LAIF	4.36%	4.80	4.56%	2.54	0.20%	(2.25)
Restricted Money Market - Bond Proceeds/Reserves	4.88%	3.53	4.45%	3.55	-0.44%	0.02
Subtotal		8.48		6.22		(2.26)
Preston						
Cash	2.68%	12.51	2.49%	13.10	-2.03%	0.59
Money Market	0.65%	0.25	0.65%	0.25	0.00%	
Subtotal		12.76	0.65%	13.35		0.59
Abrams						
Cash	0.00%	0.41	0.00%	0.43	0.00%	0.03
Money Market	1.00%	2.79	0.83%	2.99	-0.18%	0.20
Subtotal		3.20		3.42		0.22
Total Cash		**189.91**		**184.47**		**(5.44)**

Interest Rate / Economy

The Federal Open Committee (FOMC) is the monetary policy making body of the Federal Reserve. Their goal is to achieve maximum employment, with a targeted 2% inflation rate. The FOMC met seven times in calendar year 2024 (January through November). Interest rates remained steady between 5.25% and 5.50% from July 2023 to August 2024. In September, the FOMC reduced the interest rate to between 4.75% - 5.00%, with further reductions in November to between 4.5% - 4.75%. These decreases were previously anticipated to coincide with cooling inflation and labor market conditions. While there is continuing economic uncertainty, economists and FOMC members speculate that rates could continue to fall in calendar year 2025 to 3.125 – 3.625%.

The following chart shows the treasury yield curve and its shift from September 2023 to September 2024, as well as the decrease in interest rates when compared to the prior quarter. Chart I also captures the current inverted yield curve where shorter-term investments yield a higher interest rate, as compared to those that are being held for a longer period.

Chart 1 Treasury Yield Curve



Investment Performance

The quarterly LAIF interest rate was 4.56%, which represents a 0.20% increase from the previous quarter. This growth in LAIF rates typically follow or are in close alignment with the federal funds lending rate. A history of how LAIF closely tracks with the upper federal funds limit is provided in Chart II. The City's investment portfolio includes US treasuries and a US Agency Bond with maturity dates of one year or less. Their current combined market yield is close to 5%, which continues to exceed the LAIF rate. While these investments are yielding a higher return, it is becoming less likely that this level of return will be available when the investments mature. While the return rates fluctuate with economic conditions, Chart I shows that the six-month and one-year treasury bill had a yield of 4.4% and 4.0%, respectively at September 30, 2024. The City's Mid-Cycle budget amendment reflects this potential reduction in interest earnings.

Chart II: LAIF Compared to Federal Funds Upper Limit Interest Rates

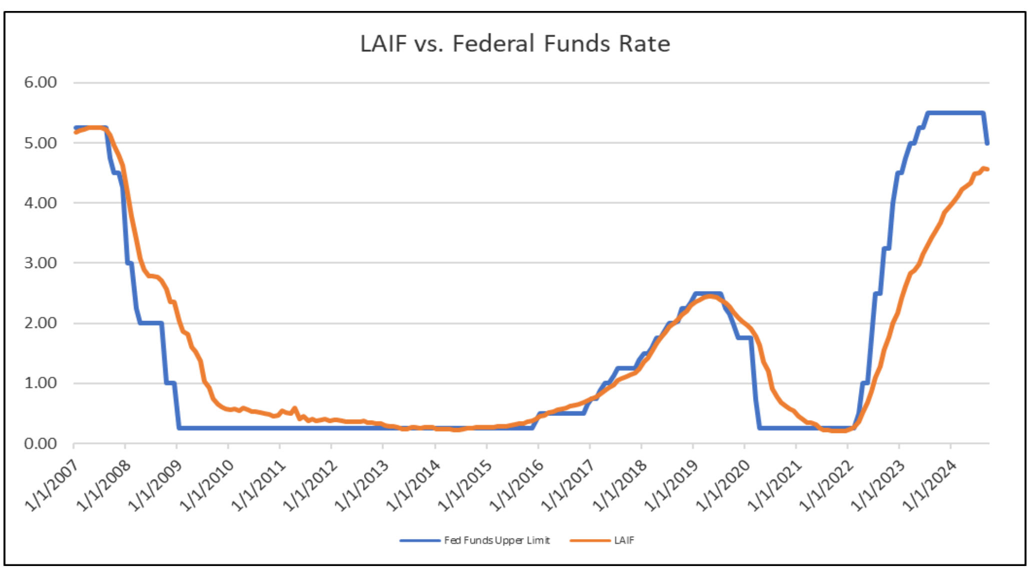


Chart provided by Time Value Investments, with source data from the Federal Reserve and the California State Treasury, Presentation dated November 1, 2024.

Portfolio Strategy

The prior fiscal year investment goal was to match or outperform LAIF. While this goal continues, staff also plans to evaluate cash flow needs to determine if it is prudent to purchase approved investments with terms of two to five years. This could allow the City to lock-in higher interest rates for a greater time horizon. This could be beneficial if there are continuing signs that interest rates will fall in calendar year 2025.

ANALYSIS:

The attached investment reports include the City of Marina's and the City of Marina as Successor Agency to the Marina Redevelopment Agency's and Preston & Abrams Non-Profit Corporation reports ("**EXHIBIT A**"). These include balances of City, Successor Agency and Preston Park / Abrams Park, and restricted FORA bond reserves that are held by financial institutions, as reported in their monthly statements.

FISCAL IMPACT:

Investing the City's in accordance with the City's primary investment objective of safety, liquidity and yield can earn respectable interest earnings for the City, City of Marina's and the City of Marina as Successor Agency to the Marina Redevelopment Agency.

CONCLUSION:

This report is submitted for City Council consideration and possible action.

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Roger Sattoof
Financial Analyst
City of Marina

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Tori Hannah
Finance Director
City of Marina

REVIEWED/CONCUR:

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Layne P. Long
City Manager
City of Marina

To: Honorable Mayor and City Council Members

From: Roger Sattoof, Financial Analyst

RE: Investment Report for **City of Marina** Funds
Quarter Ended September 30, 2024

Cash and Investment Summery:

		Market Value
Cash	$	3,447,083
Local Agency Investment Fund (LAIF)		50,186,626
US Treasury Bills		92,321,380
US Agency Bonds		5,017,635
Restricted Money Market Account - Bond Proceeds or Bond Reserves		10,508,625
	$	**161,481,348**

Cash not earning interest	$	3,445,099
Non earning cash as a percentage of total cash		2%

I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City of Marina's anticipated expenditure requirements for the next six (6) months. (California Government Code Section 53646)

Tori Hannah, Finance Director

Roger Sattoof, Financial Analyst

EXHIBIT A-1

CITY OF MARINA
INVESTMENT REPORT
Quarter Ended September 30, 2024

Institution/Type of Investment	Additional Identifiers/CUSIP #		Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain/Loss
Cash									
Petty Cash	-		-	-	-	$ 2,000	$ 2,000	$ 2,000	-
Chase Checking Account	-		-	-	-	3,443,099	3,443,099	3,443,099	-
Total Cash						**$ 3,445,099**	**$ 3,445,099**	**$ 3,445,099**	**-**
Investments									
Local Agency Investment Fund (LAIF)									
Pooled money investment	-		-	-	4.56%	**$ 50,186,626**	**$ 50,186,626**	**$ 50,186,626**	**$ -**
JP Morgan Investments									
US Agency Bond	Federal Farm Credit Bank	3133ERPC9	08/08/24	02/12/25	4.50%	$ 5,000,000	$ 5,017,635	$ 5,000,000	$ 17,635
US Treasury Bill	US Treasury Bill	912797KU0	04/18/24	10/17/24	5.22%	9,237,000	9,217,695	8,999,703	217,991
US Treasury Bill	US Treasury Bill	912797LQ8	06/20/24	12/19/24	5.05%	5,000,000	4,950,570	4,872,169	78,401
US Treasury Bill	US Treasury Bill	912797LZ8	08/02/24	01/30/25	4.80%	5,000,000	4,926,602	4,885,722	40,880
US Treasury Bill	US Treasury Bill	912797MJ3	08/08/24	02/06/25	4.84%	6,000,000	5,906,400	5,857,613	48,787
US Treasury Bill	US Treasury Bill	912797KJ5	09/18/24	03/20/25	4.54%	21,252,000	20,820,968	20,781,732	39,236
US Treasury Bill	US Treasury Bill	912797LN5	06/28/24	06/12/25	5.04%	2,485,000	2,417,094	2,369,160	47,935
Total JP Morgan Investments						**$ 53,974,000**	**$ 53,256,964**	**$ 52,766,099**	**$ 490,865**
Citizens Bank LPL									
Cash	-	-	-	-	1.99%	$ 1,984	$ 1,984	$ 1,984	-
US Treasury Bill	-	912797MY0	09/24/24	01/21/25	4.51%	$ 2,085,000	$ 2,056,069	$ 2,054,781	$ 1,288
US Treasury Bill	-	912797KA4	03/12/24	02/20/25	4.96%	$ 2,094,000	$ 2,057,987	$ 1,999,636	$ 58,352
US Treasury Bill	-	912797KA4	03/15/24	02/20/25	4.94%	$ 5,000,000	$ 4,914,010	$ 4,778,622	$ 135,388
US Treasury Bill	-	912797KA4	03/20/24	02/20/25	5.03%	$ 5,233,000	$ 5,143,003	$ 4,999,358	$ 143,645
US Treasury Bill	-	912797KA4	03/21/24	02/20/25	4.98%	$ 232,000	$ 228,010	$ 221,772	$ 6,238
US Treasury Bill	-	912797KA4	05/17/24	02/20/25	5.19%	$ 9,354,000	$ 9,193,130	$ 8,998,865	$ 194,265
US Treasury Bill	-	912797KJ5	03/21/24	03/20/25	5.04%	$ 5,249,000	$ 5,142,540	$ 5,003,019	$ 139,521
US Treasury Bill	-	912797KS5	04/18/24	04/17/25	5.20%	$ 5,252,000	$ 5,136,598	$ 4,999,788	$ 136,810
US Treasury Bill	-	912797LN5	06/13/24	06/12/25	5.07%	$ 10,500,000	$ 10,210,704	$ 10,003,342	$ 207,362
Total Citizens Bank LPL						**$ 45,000,984**	**$ 44,084,034**	**$ 43,061,165**	**$ 1,022,869**

EXHIBIT A-1

CITY OF MARINA
INVESTMENT REPORT
Quarter Ended September 30, 2024

Institution/Type of Investmei	Additional Identifiers/CUSIP #	Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain/Loss
Restricted Bond Reserve Accounts								
US Bank								
Money Market	Abrams B Debt Service	N/A	N/A	4.58%	$ 709,006	$ 709,006	$ 709,006	-
Money Market	2022 COPS - Transportation Improvements	N/A	N/A	4.36%	$ 9,799,620	$ 9,799,620	$ 9,799,620	-
Total Bond Reserve Accounts					**$ 10,508,625**	**$ 10,508,625**	**$ 10,508,625**	**-**
			Total Cash and Investments		**$ 163,115,334**	**$ 161,481,348**	**$ 159,967,614**	**$ 1,513,734**

To: Honorable Mayor and City Council Members

From: Roger Sattoof, Financial Analyst

RE: Investment Report for **Fiduciary** Funds: **Successor Agency and the FORA Bond Reserve Account**
Quarter Ended September 30, 2024

Cash and Investment Summery:

		Market Value
Cash	$	124,394
Local Agency Investment Fund (LAIF)	$	2,541,824
Restricted Money Market - Bond Proceeds/Bond Reserves	$	3,552,103
Total	**$**	**6,218,321**

Cash not earning interest	$	124,394
Non earning cash as a percentage of total cash		2%

I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the Successor Agency's anticipated expenditure requirements for the next six (6) months. (California Government Code Section 53646)

Tori Hannah, Finance Director

Roger Sattoof, Financial Analyst

City of Marina
Investment Report for **Fiduciary** Funds
Quarter Ended September 30, 2024

Institution/Type of Investment	Additional Identifiers/CUSIP#	Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain /Loss
Successor Agency								
Cash								
Checking Account	Chase Bank	-	-	0.00%	$ 124,394	$ 124,394	$ 124,394	-
Investments								
Local Agency Investment Fund (LAIF)								
Pooled money investment				4.56%	$ 2,541,824	$ 2,541,824	$ 2,541,824	-
Restricted Bond Reserve Accounts								
US Bank								
Money Market	2018 Housing Tax Allocation Bonds Series A&B	-	-	4.56%	$ 1,148,871	$ 1,148,871	$ 1,148,871	-
Money Market	2020 Housing Tax Allocation Bonds Series A&B	-	-	4.53%	$ 1,044,990	$ 1,044,990	$ 1,044,990	-
Money Market	2023 Housing Tax Allocation Bonds Series A&B	-	-	4.33%	$ 1,344,068	$ 1,344,068	$ 1,344,068	-
Total Bond Reserve Accounts					**$ 3,537,929**	**$ 3,537,929**	**$ 3,537,929**	**-**
Total Succesor Agency					**$ 6,204,147**	**$ 6,204,147**	**$ 6,204,147**	**$ -**
Fort Ord Resuse Authority (FORA) Bond Reserves								
Restricted Bond Reserve Accounts								
US Bank								
Money Market	2020 Tax Allocation Bonds	-	-	4.36%	**$ 14,174**	**$ 14,174**	**$ 14,174**	-

Total Cash and Investments	**$ 6,218,321**

To: Honorable Mayor and City Council Members

From: Roger Sattoof, Financial Analyst

RE: Investment Report for **Abrams and Preston** Funds
Preston Park Sustainable Community Non-Profit Corporation & Abrams B Non-Profit Corporation
Quarter Ended September 30, 2024

Cash and Investment Summery:

	Market Value
Cash	$ 13,535,040
Money Market	3,236,568
	$ 16,771,609
Cash not earning interest	$ 1,012,149
Non earning cash as a percentage of total	6%

I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City of Marina's anticipated expenditure requirements for the next six (6) months.
(California Government Code Section 53646)

Tori Hannah, Finance Director

Roger Sattoof, Financial Analyst

CITY OF MARINA
INVESTMENT REPORT
Quarter Ended September 30, 2024

Institution/Type of Investment	Additional Identifiers /CUSIP#	Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain /Loss
Preston Park								
Cash								
Chase								
Checking Account	Operations	-	-	2.80%	$ 686,033	$ 686,033	$ 686,033	-
Checking Account	Security Deposit	-	-	0.00%	$ 578,436	$ 578,436	$ 578,436	-
Bridge Bank								
High-Yield Checking Account	Capital Reserve Account	-	-	4.66%	$ 11,836,858	$ 11,836,858	$ 11,836,858	-
Total Cash					$ 13,101,326	$ 13,101,326	$ 13,101,326	-
Investments								
Bridge Bank								
Money Market	Capital Reserve Account	-	-	0.65%	$ 250,133	$ 250,133	$ 250,133	-
Total Investments					$ 250,133	$ 250,133	$ 250,133	$ -
Total Cash and Investments - Preston Park					**$ 13,351,460**	**$ 13,351,460**	**$ 13,351,460**	$ -
Abrams Park								
Cash								
Bridge Bank								
Checking Account	Operations	-	-	0.00%	$ 433,714	$ 433,714	$ 433,714	-
Total Cash					$ 433,714	$ 433,714	$ 433,714	-
Investments								
Bridge Bank								
Money Market	Trust - Security Deposits	-	-	0.65%	$ 273,273	$ 273,273	$ 273,273	-
Money Market	Trust - Reserves	-	-	1.00%	$ 2,713,163	$ 2,713,163	$ 2,713,163	-
Total Investments					$ 2,986,435	$ 2,986,435	$ 2,986,435	
Total Cash and Investments - Abrams Park					**$ 3,420,149**	**$ 3,420,149**	**$ 3,420,149**	-
					Total Cash and Investments	**$ 16,771,609**		