February 10, 2025 | Item No. **10j(1)**

Honorable Mayor and Members of the Marina City Council	City Council Meeting of February 19, 2025
Honorable Chairperson and Members of the Successor Agency to Marina Redevelopment Agency	Successor Agency Meeting of February 19, 2025
Chair and Board Members of Preston Park Sustainable Community Non-Profit Corporation	Corporation Meeting of February 19,2025

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 DECEMBER 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 December 31, 2024.

BACKGROUND:

Cash Management

At the end of the first quarter, the City's aggregate cash and investments were $177.0 million. This represents an increase of $15.6 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. The December property tax receipt contributed an additional $5.6 million to City funds, along with $4.6 million in one-time capital grant reimbursements, and $5.1 million in Fort Ord Reuse Authority (FORA) fees that were previously held in an escrow account.

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 $2.8 million, respectively. The $2.8 million increase in the FORA bond reserve account was primarily related to the receipt of tax funds to pay for debt service on recognized obligations.

The combined Preston and Abrams cash and investment balances were $17.4 million. The quarterly increase of approximately $580,000 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 December 31, 2024

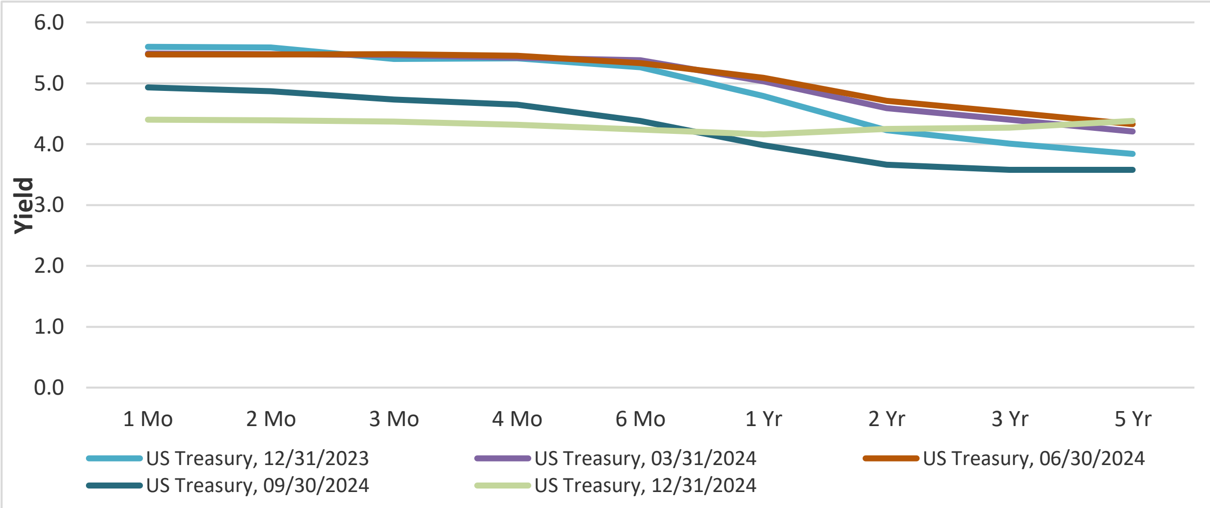
	September		December		Change (Curr - Prev)	
City	Yield	Amount	Yield	Amount	Yield	Amount
Cash	0.00%	3.45	0.00%	17.93	0.00%	14.48
LAIF	4.56%	50.19	4.48%	41.78	-0.08%	(8.41)
US Treasury Bills	4.96%	92.32	4.73%	96.24	-0.23%	3.91
US Agency Bonds	4.50%	5.02	4.50%	6.99	0.00%	1.98
Municipal Bonds	-	-	4.24%	3.99	4.24%	3.99
Restricted Money Market - Bond Proceeds/Reserves	4.47%	10.51	4.01%	10.10	-0.46%	(0.40)
Subtotal		161.48		177.03		15.55
Fiduciary						
Cash	0.00%	0.12	0.00%	0.17	0.00%	0.04
LAIF	4.56%	2.54	4.48%	2.44	-0.08%	(0.11)
Restricted Money Market - Bond Proceeds/Reserves	4.45%	3.55	4.03%	6.38	-0.42%	2.83
Subtotal		6.22		8.99		2.77
Preston						
Cash	2.49%	13.10	1.99%	13.53	-0.50%	0.43
Money Market	0.65%	0.25	0.65%	0.25	0.00%	0.00
Subtotal		13.35		13.78		0.43
Abrams						
Cash	0.00%	0.71	0.00%	0.35	0.00%	(0.35)
Money Market	0.83%	2.71	0.83%	3.22	0.00%	0.50
Subtotal		3.42		3.57		0.15
Total Cash		**184.47**		**203.37**		**18.90**

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 eight times in calendar year 2024 (January through December). Interest rates remained steady between 5.25% and 5.50% from July 2023 to August 2024; however over the last three meetings, the FOMC reduced the interest rate to between 4.25% - 4.50%. These decreases were previously anticipated to coincide with cooling inflation and labor market conditions. While there is continuing economic uncertainty, the FOMC members currently speculate that rates could continue to fall in calendar year 2025 to approximately 3.875%.

The following chart shows the treasury yield curve and its shift from December 2023 to December 2024, as well as the decrease in interest rates when compared to the prior quarter. Chart I also begins to capture the return to a more normal yield curve where longer-term investments yield a higher interest rate, as compared to those that are being held for a shorter duration.

Chart 1 Treasury Yield Curve



Investment Performance

The quarterly LAIF interest rate was 4.48%, which represents a 0.08% decrease from the previous quarter. Changes 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 4.5%, which is relatively consistent with the LAIF rate. While these investments were yielding a higher return than LAIF, it is becoming less likely that this level of return will be available as the older 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 4.24% and 4.16%, respectively at December 31, 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

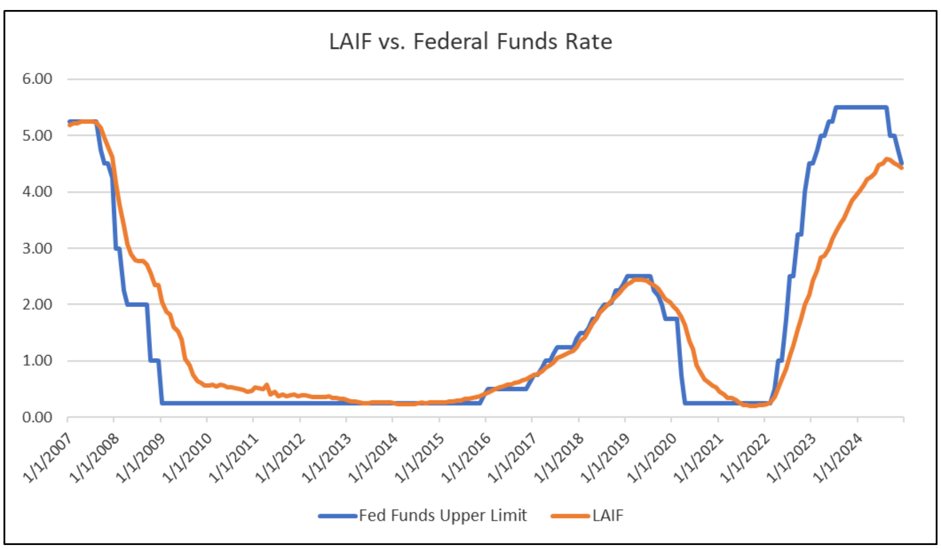


Chart provided by Time Value Investments, with source data from the Federal Reserve and the California State Treasury, Presentation dated January 10, 2025.

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:

There is no fiscal impact. This report is for informational purposes.

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

EXHIBIT A-1

To: Honorable Mayor and City Council Members

From: Roger Sattoof, Financial Analyst

RE: Investment Report for **City of Marina** Funds
Quarter Ended December 31, 2024

Cash and Investment Summery:

		Market Value
Cash	$	17,926,665
Local Agency Investment Fund (LAIF)		41,776,447
US Treasury Bills		96,235,114
US Agency Bonds		6,992,895
Municipal Bonds		3,992,600
Restricted Money Market Account - Bond Proceeds or Bond Reserves		10,104,873
	$	**177,028,594**

Cash not earning interest	$	17,926,665
Non earning cash as a percentage of total cash		10%

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 December 31, 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	-		-	-	-	17,870,118	17,870,118	17,870,118	-
Total Cash						**$ 17,872,118**	**$ 17,872,118**	**$ 17,872,118**	**-**
Investments									
Local Agency Investment Fund (LAIF)									
Pooled money investment	-		-	-	4.48%	**$ 41,776,447**	**$ 41,776,447**	**$ 41,776,447**	**$ -**
JP Morgan Investments									
US Agency Bond	Federal Farm Credit Bank	3133ERPC9	08/08/24	02/12/25	4.50%	$ 5,000,000	$ 4,996,815	$ 5,000,000	$ (3,185)
US Treasury Bill	US Treasury Bill	912797LZ8	08/02/24	01/30/25	4.80%	5,000,000	4,983,560	4,885,722	97,838
US Treasury Bill	US Treasury Bill	912797MJ3	08/08/24	02/06/25	4.84%	6,000,000	5,975,372	5,857,613	117,759
US Treasury Bill	US Treasury Bill	912797KJ5	09/18/24	03/20/25	4.54%	21,252,000	21,062,143	20,781,732	280,411
US Treasury Bill	US Treasury Bill	912797LN5	06/28/24	06/12/25	5.04%	2,485,000	2,439,007	2,369,160	69,847
US Treasury Bill	US Treasury Bill	912797MS3	10/17/24	10/02/25	4.16%	9,607,000	9,313,397	9,236,325	77,072
US Treasury Bill	US Treasury Bill	91282CLY5	12/20/24	11/30/26	4.26%	2,500,000	2,499,503	2,499,414	89
US Treasury Bill	US Treasury Bill	91282CMB4	12/20/24	12/15/27	4.26%	2,500,000	2,480,774	2,482,091	(1,317)
Total JP Morgan Investments						**$ 54,344,000**	**$ 53,750,570**	**$ 53,112,057**	**$ 638,513**
Citizens Bank LPL									
Cash	-	-	-	-	1.99%	$ 1,996	$ 1,996	$ 1,996	$ -
US Treasury Bill	US Treasury Bill	912797KA4	03/12/24	02/20/25	4.96%	$ 2,094,000	$ 2,082,070	$ 1,999,636	$ 82,435
US Treasury Bill	US Treasury Bill	912797KA4	03/15/24	02/20/25	4.94%	$ 5,000,000	$ 4,971,515	$ 4,778,622	$ 192,893
US Treasury Bill	US Treasury Bill	912797KA4	03/20/24	02/20/25	5.03%	$ 5,233,000	$ 5,203,188	$ 4,999,358	$ 203,830
US Treasury Bill	US Treasury Bill	912797KA4	03/21/24	02/20/25	4.98%	$ 232,000	$ 230,678	$ 221,772	$ 8,906
US Treasury Bill	US Treasury Bill	912797KA4	05/17/24	02/20/25	5.19%	$ 9,354,000	$ 9,300,710	$ 8,998,865	$ 301,845
US Treasury Bill	US Treasury Bill	912797MY0	09/24/24	01/21/25	4.51%	$ 2,085,000	$ 2,080,294	$ 2,054,781	$ 25,514
US Treasury Bill	US Treasury Bill	912797KJ5	03/21/24	03/20/25	5.04%	$ 5,249,000	$ 5,201,958	$ 5,003,019	$ 198,940
US Treasury Bill	US Treasury Bill	912797KS5	04/18/24	04/17/25	5.20%	$ 5,252,000	$ 5,188,041	$ 4,999,788	$ 188,253
US Treasury Bill	US Treasury Bill	912797LN5	06/13/24	06/12/25	5.07%	$ 10,500,000	$ 10,304,879	$ 10,003,342	$ 301,537
Total Citizens Bank LPL						**$ 45,000,996**	**$ 44,565,329**	**$ 43,061,177**	**$ 1,504,152**

CITY OF MARINA
INVESTMENT REPORT
Quarter Ended December 31, 2024

Institution/Type of Investment	Additional Identifiers/CUSIP #		Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain/Loss
Time Value Investments									
Money Market	-	-	-	-	4.11%	$ 52,552	$ 52,552	$ 52,552	$ -
US Treasury Bill	US Treasury Bill	91282CFZ9	11/12/24	11/30/27	4.15%	1,500,000	1,482,885	1,488,272	$ (5,387)
US Treasury Bill	US Treasury Bill	9128285M8	11/12/24	11/15/28	4.16%	1,500,000	1,435,140	1,443,222	$ (8,082)
US Agency Bond	Federal Home Loan Banks	3130B3XQ1	12/04/24	12/04/26	4.50%	2,000,000	1,996,080	2,000,000	$ (3,920)
Municipal Bonds	California State GO Bonds	13063EGT7	11/07/24	08/01/29	4.24%	4,000,000	3,992,600	4,043,916	$ (51,316)
Total Time Value Investments						**$ 9,052,552**	**$ 8,959,257**	**$ 9,027,962**	**$ (68,704)**

Institution/Type of Investment	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	-	-	4.09%	$ 283,813	$ 283,813	$ 283,813	-
Money Market	2022 COPS - Transportation Improvements	-	-	3.93%	$ 9,821,061	$ 9,821,061	$ 9,821,061	-
Total Bond Reserve Accounts					**$ 10,104,873**	**$ 10,104,873**	**$ 10,104,873**	**-**
				Total Cash and Investments	**$ 178,150,985**	**$ 177,028,594**	**$ 174,954,633**	**$ 2,073,961**

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 December 31, 2024

Cash and Investment Summery:

		Market Value
Cash	$	166,493
Local Agency Investment Fund (LAIF)	$	2,436,358
Restricted Money Market - Bond Proceeds/Bond Reserves	$	6,383,043
Total	**$**	**8,985,895**

Cash not earning interest	$	166,493
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 December 31, 2024

Successor Agency

Institution/Type of Investment	**Additional Identifiers/CUSIP#**	**Purchase Date**	**Maturity**	**Rate (%)**	**Face Value**	**Market Value**	**Cost Basis**	**Unrealized Gain /Loss**
Cash								
Checking Account	Chase Bank	-	-	0.00%	$ 166,493	$ 166,493	$ 166,493	-
Investments								
Local Agency Investment Fund (LAIF)								
Pooled money investment				4.48%	$ 2,436,358	$ 2,436,358	$ 2,436,358	-
Restricted Bond Reserve Accounts								
US Bank								
Money Market	2018 Housing Tax Allocation Bonds Series A&B	-	-	4.13%	$ 1,212,981	$ 1,212,981	$ 1,212,981	-
Money Market	2020 Housing Tax Allocation Bonds Series A&B	-	-	4.12%	$ 1,056,952	$ 1,056,952	$ 1,056,952	-
Money Market	2023 Housing Tax Allocation Bonds Series A&B	-	-	3.92%	$ 1,308,000	$ 1,308,000	$ 1,308,000	-
Total Bond Reserve Accounts					**$ 3,577,934**	**$ 3,577,934**	**$ 3,577,934**	-
Total Successor Agency					**$ 6,180,785**	**$ 6,180,785**	**$ 6,180,785**	-

FORA

Institution/Type of Investment	**Additional Identifiers/CUSIP#**	**Purchase Date**	**Maturity**	**Rate (%)**	**Face Value**	**Market Value**	**Cost Basis**	**Unrealized Gain/Loss**
Restricted Bond Reserve Accounts								
US Bank								
Money Market	2020 Tax Allocation Bonds	-	-	3.93%	$ 2,805,110	$ 2,805,110	$ 2,805,110	-

Total Cash and Investments	**$ 8,985,895**

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 December 31, 2024

Cash and Investment Summery:

		Market Value
Cash	$	13,886,183
Money Market		3,467,168
Total	**$**	**17,353,351**

Cash not earning interest	$	928,667
Non earning cash as a percentage of total cash		5%

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 December 31, 2024

Preston Park

Institution/Type of Investment	Additional Identifiers /CUSIP#	Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain /Loss
Cash								
Chase Bank								
Checking Account	Operations	-	-	2.10%	$ 500,813	$ 500,813	$ 500,813	-
Checking Account	Security Deposit	-	-	0.00%	$ 574,197	$ 574,197	$ 574,197	-
Bridge Bank								
High-Yield Checking Account	Capital Reserve Account	-	-	3.87%	$ 12,456,703	$ 12,456,703	$ 12,456,703	-
Total Cash					$ 13,531,713	$ 13,531,713	$ 13,531,713	-
Investments								
Bridge Bank								
Money Market	Capital Reserve Account	-	-	0.65%	$ 250,138	$ 250,138	$ 250,138	-
Total Investments					$ 250,138	$ 250,138	$ 250,138	-
Total Cash and Investments - Preston Park					**$ 13,781,851**	**$ 13,781,851**	**$ 13,781,851**	**-**

Abrams Park

Institution/Type of Investment	Additional Identifiers /CUSIP#	Purchase Date	Maturity	Rate (%)	Face Value	Market Value	Cost Basis	Unrealized Gain /Loss
Cash								
Bridge Bank								
Checking Account	Operations	-	-	0.00%	$ 354,470	$ 354,470	$ 354,470	-
Total Cash					$ 354,470	$ 354,470	$ 354,470	-
Investments								
Bridge Bank								
Money Market	Trust - Securty Deposits	-	-	0.65%	$ 276,579	$ 276,579	$ 276,579	-
Money Market	Trust - Reserves	-	-	1.00%	$ 2,940,451	$ 2,940,451	$ 2,940,451	-
Total Investments					$ 3,217,030	$ 3,217,030	$ 3,217,030	-
Total Cash and Investments - Abrams Park					**$ 3,571,500**	**$ 3,571,500**	**$ 3,571,500**	**-**
					Total Cash and Investments	**$ 17,353,351**		