



# CITY OF CORONADO

## CITY COUNCIL STAFF REPORT

### Filing of the Treasurer's Reports on Investments for the City and the Successor Agency to the Community Development Agency for the City of Coronado for the Quarter Ending June 30, 2025

#### RECOMMENDATION

Examine the quarterly reports on investments and direct them to be filed.

#### BACKGROUND

In compliance with the City's Investment Policy, staff prepares an investment report and presents this to the City Council for review following the close of each quarter. The report presents investments for both the City and the Successor Agency portfolios. Combined, the book value of these two portfolios totals approximately \$275.9 million in cash and investments as of June 30, 2025.

#### ANALYSIS

This report covers the period April 1, 2025, through June 30, 2025. Attached is a summary that identifies all investments. This report highlights year-to-date investment earnings relative to the annual budget.

#### City cash, investments and the percentage of total are as follows:

	Book Value	% of Total Investments
<b>Investments:</b>		
Local Agency Investment Fund	\$ 41,447,964	16.89%
San Diego County Treasurer's Pooled Investment Fund	7,943,246	3.23%
CAMP	80,767,308	32.88%
US Bank Loan Repayment Fund*	17,296,517	7.04%
CalPrivate Business Money Market	1,177,989	0.48%
Certificates of Deposit with San Diego Private Bank	-	0.00%
Certificates of Deposit with San Diego Private Bank	51,444,130	20.94%
US Money Market	20,028,383	8.15%
US Treasury Bills	-	0.00%
OPEB and Pension Trust Investment Portfolio with PARS**	21,890,672	8.91%
<b>Sub-Total Investments</b>	<b>241,996,209</b>	<b>98.52%</b>

**Demand Deposit Accounts:**

US Bank Operating Account	3,119,623	1.27%
US Bank HRA Account	91,069	0.04%
US Bank FSA Account	65,353	0.03%
CalPrivate Bank Money Market Account	350,051	0.14%
<b>Sub-Total Demand Deposit Accounts</b>	<b>3,626,096</b>	<b>1.48%</b>
<b>Total All Investments</b>	<b>\$ 245,622,305</b>	

\* Restricted for public use capital improvements

\*\* Restricted for Other Post Employment Benefits (OPEB) and Pension stabilization

**PARS Market Value as of June 30, 2025 totaled \$22,957,174**

City investment earnings for the period April 1, 2025, through June 30, 2025, were \$2,319,222, or 35.86% of the fiscal year budget projection of \$6,467,808, with returns averaging 3.95% annually. The following schedule shows a comparison between the book value, market value, and year-to-date earnings of investments for the current period, April through June 2025, and the same period of the last Fiscal Year.

<u>As of:</u>	<u>Book value of Investments</u>	<u>Market value of Investments</u>	<u>FYTD Investment Earnings</u>	<u>Average Investment Annual Return</u>
Apr - Jun FY 2023-24	\$ 231,617,630	\$ 236,195,084	\$ 8,147,308	3.52%
Apr - Jun FY 2024-25	241,996,209	248,503,322	9,551,780	3.95%

**Successor Agency cash, investments and the percentages of the total are as follows:**

	<u>Book Value</u>	<u>% of Total Investments</u>
Local Agency Investment Fund	\$ 30,279,275	99.99%
Cash in Bank at US Bank	1,582	0.01%
<b>Total Cash and Investments</b>	<b>\$ 30,280,857</b>	<b>100.00%</b>

Earnings for the Community Development/Successor Agency for the period April 1, 2025, through June 30, 2025, were \$169,883. Attached are investment summaries for the City and the Successor Agency, as well as monthly reports for June 30, 2025, which include market values for all investments.

**Market Update and Investment Allocation Changes**

- ❖ The Federal Reserve held interest rates steady during the quarter, at 4.25% to 4.5%, but recent comments by the Federal Reserve Chair Jerome Powell indicate potential opening to rate cuts in the near future.
- ❖ In June 2025, the Consumer Price Index (CPI) increased marginally on a year-over-year basis to 2.7%, a slight increase from 2.4 percent (%) in the previous month. This represents a similar trend from the first quarter of 2025.
- ❖ The impact of U.S. tariffs is projected to result in increases in overall consumer prices, leading to a decrease in household income. The effective average tariff rate rose significantly in the first half of the year, directly impacting sectors such as metals, appliances, and imported automobiles.
- ❖ Consumer spending rebounded with a 1.4% rise, a reversal from the 0.5% decrease in the first quarter. The increase was primarily driven by the spending on goods, led by motor vehicles and parts, indicating the trend of consumer purchases before the potential price increases from imposed tariffs kick in.
- ❖ The acceleration in consumer spending was a key driver in the 3.3% increase of U.S. real GDP during the second quarter, reversing the 0.5% decline in Q1. The decrease in imports was also a factor,

which is subtracted from the calculation of GDP.

**Quarter-Ending Changes for June 30, 2025:**

- Continued to rebalance the Local Agency Investment Fund (LAIF) and San Diego County Treasurer's Pooled Investment Fund to \$41.4M and \$8.0M, respectively. As of June 2025, the funds are yielding 4.25% and 3.70%, respectively.
- \$20.0M from LAIF was transferred to the U.S. Bank money market fund, and 104-week U.S. Treasury Bills rates are being monitored for potential purchase.
- \$10.0M (Certificate of Deposit Account Registry Services (CDARS)) and \$250,000 (Certificate of Deposit) matured during the quarter. The proceeds were consolidated, and a 24-month Certificate of CDARS was purchased, yielding 4.0%, further diversifying the maturity periods of the City's investments.
- All investment allocation changes comply with the City's investment policy and sufficient liquidity is maintained for operating needs.

**FISCAL IMPACT**

The City receives funds from many sources, which it invests according to the City of Coronado Investment Policy. All investments are made with the primary objectives of safety, liquidity, and yield, in that order. The funds of the Successor Agency to the Community Development Agency are also invested according to the City of Coronado Investment Policy.

**ALTERNATIVE**

The City Council may decline to receive the report and provide further direction to staff.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Not applicable.

**PUBLIC NOTICE**

No public notice is required for this item.

**ATTACHMENTS**

1. Treasurer's Report on Investments as of June 30, 2025

Submitted By: Administrative Services / John Kim