
INVESTMENT REPORT

Objectives

City investment objectives are in order; *safety, liquidity, and income*. The City's Investment policy stipulates the type of investments and maximum percentage of portfolio permissible for each type of investment.

Investments are diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank.

Investment decisions are made with judgment and care, which persons of prudence, discretion, and intelligence exercise. Investment maturity dates are based on cash-flow needs and prevailing market conditions.

Overview

In order to meet City expenditures and stated investment objectives, the City uses multiple liquidity tiers to match expected timeframes to the use of funds. The first liquidity tier is the Truist bank checking account, which aims to maintain a balance equal to a few months of average monthly expenses.

The second tier is with the Local Government Investment Pool, Florida Short Term Asset Reserve Governmental Fund (FL STAR). FL STAR invests entirely in US Government Treasuries and Agency bonds with a weighted average maturity of 41 days. The City expects this investment to provide stable liquidity to replenish the first liquidity tier as is necessary.

The third liquidity tier is composed of the Local Government Investment Pool, Florida Cooperative Liquid Assets Securities System (FL CLASS) and the

Local Government Surplus Funds Trust Fund (Florida PRIME), administered by the State Board of

Administration (SBA) of Florida as established in the State of Florida's constitution.

FL CLASS and Florida PRIME have similar investment profiles. Each invests in a diversity of investments and has an average weighted maturity of 46 and 47 days, respectively. These investments primarily consist of US Treasuries, US Agency Bonds, Asset Backed Commercial Paper, CD's, and Money-Market Mutual funds.

All City investment pools are AAA rated, the highest principal stability fund rating assigned by Standard & Poor's (S&P) Global Ratings.

Economic Updates

Donald Trump won the 2024 presidential election along with a Republican majority in both the Senate and House of Representatives. Yields have pushed higher with markets forecasting strong economic growth and higher inflation due to expected tariffs and immigration policies.

The Consumer Price Index rose from 2.4% to 2.7% over the quarter. Apparel, Auto insurance, and airfare all rose materially, while being offset by fall in gasoline.

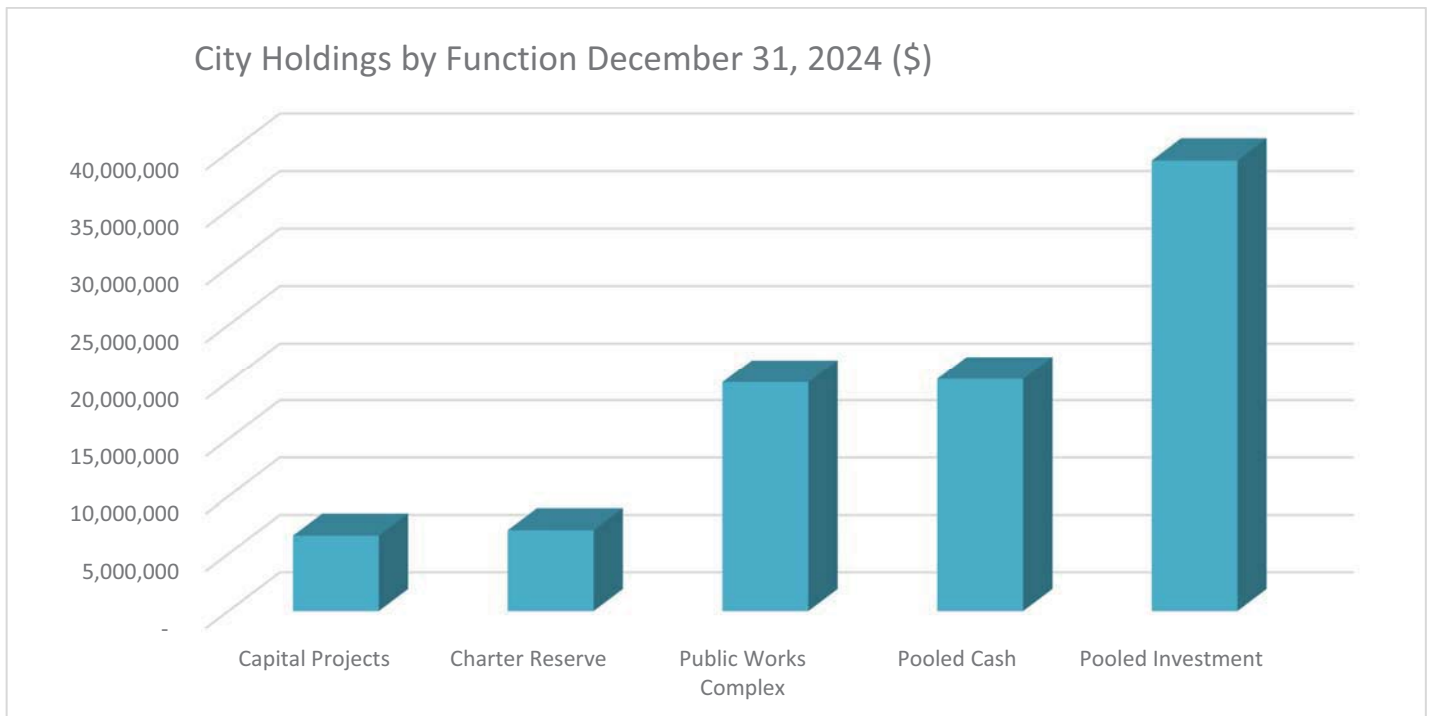
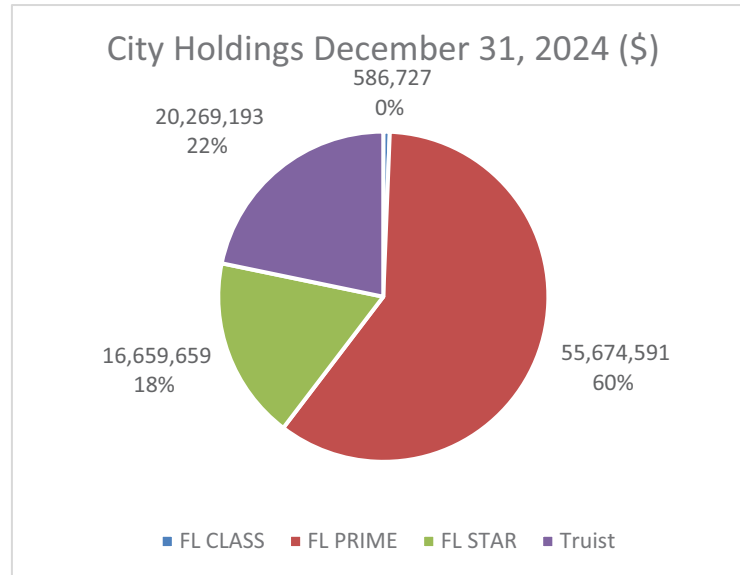
The Fed cut interest rates in November by 25 basis points and another 25 basis points in December to 4.50%. Two to three additional quarter point rate cuts are predicted in 2025.

In October, the economy only added only 12,000 jobs due to the hurricanes and Boeing labor strikes. The unemployment rate in November increased to 4.2% after a strong jobs gain of 227,000. Wage growth has remained at 4% due to a falling labor participation rate.

The markets have a relatively clouded, but cautious outlook. Positives are wage growth, low inflation, and strong consumer spending. The Fed's long term interest rates could settle at an elevated "terminal" rate which could mean more attractive yields for longer.

Finance Department 1st Quarter Report | 2025

	Investment			Ending	Benchmark	Earned	Earned
	Type	Market Value	Book Value	Yield	Yield*	Month End	Quarter End
FL CLASS	LGIP	586,727	586,761	4.70%	5.04%	2,294	7,062
FL PRIME	LGSFTF	55,674,591	55,672,904	4.53%	4.63%	200,961	493,578
FL STAR	LGIP	16,659,659	16,663,275	4.58%	3.96%	64,501	197,218
Truist	Checking	20,269,193	20,269,193	2.85%	N/A	38,650	96,515
		<u>\$ 93,190,171</u>	<u>\$ 93,192,134</u>			<u>\$ 306,406</u>	<u>\$ 794,373</u>



* Benchmarks: FL Class, S&P Treasury Bill 3-6 Month Index; FL Prime, S&P AAA/AA Rated GIP All 30 Day Net Index; FL STAR, S&P AAAm Money Fund Rated GIP Net 7 day Index/All.