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## INVESTMENT REPORT

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### 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 38 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 41 and 48 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

25% tariffs were put on all Aluminum and Steel imports. 25% tariffs have been imposed on Canada and Mexico with the exceptions of 10% on Canadian oil and for all goods covered by the United States-Mexico-Canada Agreement (USMCA), which is roughly half of all trade between the countries. China also received a 20% tariff on all imported goods.

At the January/March Fed meetings, interest rates were maintained at 4.5%. Yields are relatively attractive for investors. Rates are now 1% below its cycle peak. With a rate easing bias, the Fed predicts only two additional quarter point rate cuts in all of 2025 while the markets predict only one quarter point rate cut in 2025.

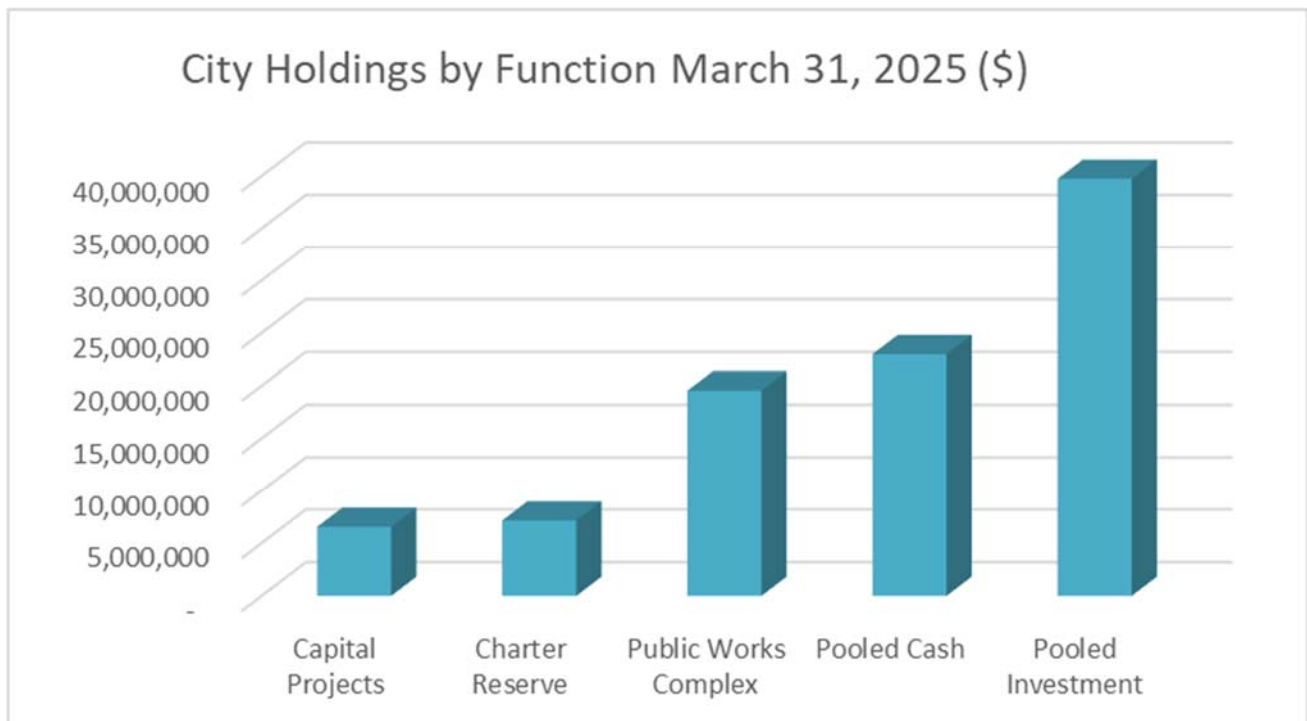
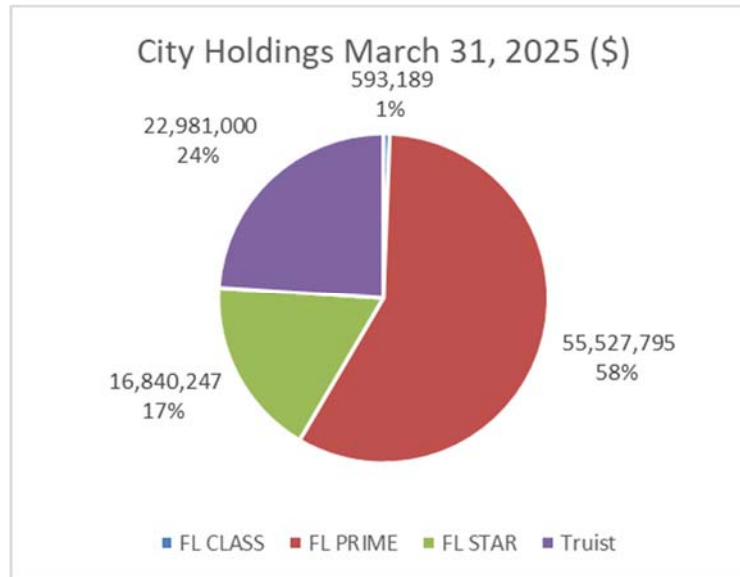
The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Unemployment rate was 4% in January and wage growth increased 4.1% year over year.

Inflation remains somewhat elevated. Core CPI in February was 3.3% year over year. Used cars and prescription drugs primarily added to the increase. Tariffs could add to more inflationary volatility.

Economic outlook is uncertain. The economy remains resilient with consumer spending. Trump's economic policy agenda, especially tariffs have caused concern for shorter term inflation with a clouded long-term outlook. Announced reciprocal tariffs add to uncertainty. Employment redundancies related to the Department of Government Efficiency could have significant impacts on future rate cuts.

# Finance Department 2nd Quarter Report | 2025

	Investment Type	Market Value	Book Value	Ending Yield	Benchmark Yield*	Earned Month End	Earned Quarter End
FL CLASS	LGIP	593,189	593,222	4.40%	4.08%	2,212	6,463
FL PRIME	LGSFTF	55,527,795	55,537,402	4.51%	4.34%	214,105	624,578
FL STAR	LGIP	16,840,247	16,840,584	4.36%	4.32%	62,125	180,588
Truist	Checking	22,981,000	22,981,000	2.70%	N/A	40,514	124,408
		<u>\$ 95,942,232</u>	<u>\$ 95,952,208</u>			<u>\$ 318,955</u>	<u>\$ 936,036</u>



\* Benchmarks: FL Class, S&P Treasury Bill 3-6 Month Index; FL Prime, S&P AAA/AA Rated

**Cash and Cash Equivalents:**

FL CLASS	593,189
FL PRIME	55,527,795
FL STAR	16,840,247
Truist	22,981,000
Total	<u>95,942,232</u>

**Restrictions/Assignments:**

Charter reserve - General Fund	3,883,611.70
Charter reserve - Utility Funds	3,258,961.25
Operating Reserve 17% - General Fund	4,401,426.59
Operating Reserve 17% - Utility Funds	3,693,489.42
Debt Service restrictions	1,598,926.05
Special Revenue Fund restricted cash	1,866,466.71
Internal Service Fund restricted cash	3,101,183.21
Customer held Utility Deposits	800,607.04
Held for customer / escrow liability	1,008,345.59
Impact Fee - restricted	12,755,275.91
Restricted for Public Works project	22,477,865.51
Carry forward for current budget	21,185,172.00
Building department restricted	575,544.00
Development Agreement not covered by Impact Fees	<u>2,300,000.00</u>
	82,906,875

Net Cash after Restrictions/Assignments	<u>13,035,357.25</u>
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**Additional future cash needs:**

G2/G11 Storm Water Cannals	\$14,506,961 (1/3)	project cashflow requirement 4,835,654
Sewer Grant	\$750,000 (1/3)	250,000.00
PABS Grant	\$3,960,000 (1/1)	3,960,000.00

Grant Cash Flow Impact	<u>9,045,654</u>
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Net Cash after Restrictions and Grant Timing Disbursements	<u>3,989,704</u>
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