



CITY COUNCIL
Staff Report

Meeting Date: Dec. 9, 2025

To: Mayor and City Council

From: Geoff Patnoe, City Manager

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Subject: Report on City Investments as of Oct. 31, 2025

Districts: All

Recommended Action

Accept and file Report on City Investments as of Oct. 31, 2025.

Executive Summary

The city's Investment Policy requires the City Treasurer to report on the status of the city's pooled investment portfolio to the City Council each month.

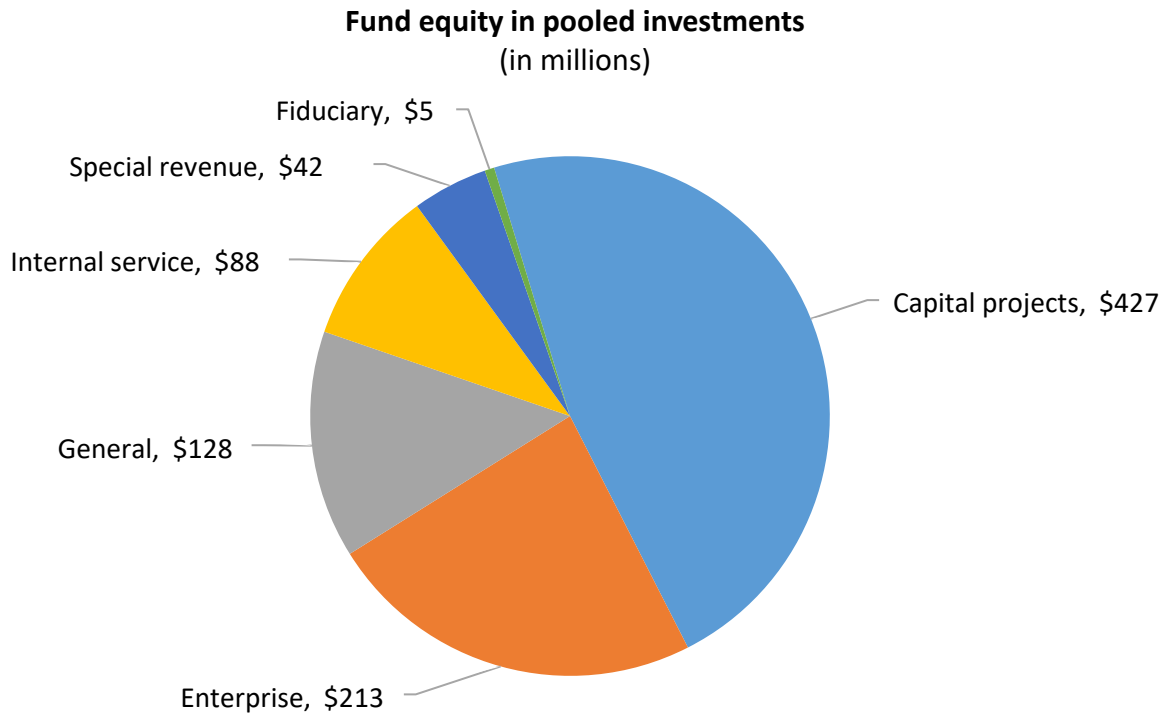
Discussion & Fiscal Analysis

The city's pooled investment portfolio as of the month ending Oct. 31, 2025, is summarized below.

Pooled investment portfolio (cash and securities)		
	Current month	Prior month
Par value ¹	\$913,667,794	\$920,846,667
Investment cost	\$902,368,568	\$909,961,934
Amortized cost ²	\$905,347,398	\$912,768,831
Market value ³	\$906,993,371	\$913,876,154

- (1) The face value of the investments.
- (2) The cost of investments adjusted for amortized premiums and discounts.
- (3) The amount at which the investments could be sold. Source of market value is Principal custodial report.

The equity portion of the various funds in the total portfolio, that is, the part of the total investment portfolio assigned to each fund, is summarized in the following graph. Fund balances are restricted for various purposes (see Exhibit 6 for a more detailed breakdown).



Pooled investment interest income⁴

	Fiscal year to date	Current month	Prior month
Cash income	\$9,906,612	\$2,318,415	\$2,483,538

(4) The cash income received is adjusted for any interest received previously purchased.

Pooled investment performance

	Average life (years)	Yield ⁵	Modified duration
Aug. 2025	2.02	3.44%	1.73
Sept. 2025	1.98	3.46%	1.69
Oct. 2025	2.01	3.50%	1.72

(5) Yield is computed by totaling the weighted average of each investment's return less any costs.

The city's Investment Policy was first adopted Jan. 2, 1985, and last revised May 13, 2025. Except as noted below, all pooled investments have been made in accordance with the Investment Policy in effect at the time of purchase. Events after the purchase might result in perceived non-compliance with the current policy. These events are typically a change in the credit rating after a purchase, a change in the city's Investment Policy, or a temporary reduction in total portfolio assets.

Exhibit 7 shows the investments out of compliance with the current policy. Six municipal bond investments are outside the Investment Policy's requirement that issuing local agencies be within California. The Investment Policy allows for the purchase of municipal bonds issued by any state authority outside California but limits the purchase of municipal bonds issued by local agencies to those within California. In addition, one of those municipal bonds is no longer rated by two of the credit rating agencies. The rating of the remaining credit agency has maintained the same double A rating.

The city's Investment Policy allows the City Treasurer to determine the course of action that would correct exceptions to the policy. All investments are paying interest at the required times and their principal is considered secure. It is the intent of the City Treasurer to hold the noncompliant municipal bonds in the portfolio until maturity unless events indicate they should be sold.

Not less than two-thirds (66.67%) of the current fiscal year operating budget shall mature within one year. The maturity value within one year is \$323,478,271, which is 70.5% of the current year operating budget. The investment portfolio has the ability to meet the city's anticipated cash flow demands for the next six months.

Next Steps

The report on city investments will continue to be produced monthly by the City Treasurer.

Environmental Evaluation

The proposed action is not a "project" as defined by California Environmental Quality Act Section 21065 and CEQA Guidelines Section 15378(b)(5) and does not require environmental review under CEQA Guidelines Section 15060(c)(3) and 15061(b)(3) because the proposed action to report on the monthly update of city investments is an organizational or administrative government activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Any subsequent action or direction stemming from the proposed action may require preparation of an environmental document in accordance with CEQA or the CEQA Guidelines.

Exhibits

1. Investments by cost, market value, cash income and average yield by class
2. Maturities by classification and length of time at par value
3. Yield comparison & market yield curve
4. Cash income by month & cumulative cash income
5. Maturities, calls and purchases this quarter
6. Fund equity in pooled investments
7. Security ratings
8. Portfolio allocation at amortized cost by issuer
9. Investment detail
10. Section 115 Trust activity

City of Carlsbad investment portfolio
Investments by cost, market value, cash income and average yield by class
Oct. 31, 2025

Exhibit 1

Class	Investment cost		Market value		YTD net income	Average yield		Percent of total (market value)	Policy limitation
	Current month	Prior month	Current month	Prior month		Current month	Prior month		
Certificate of deposit	\$ 13,564,876.92	\$ 14,808,876.92	\$ 13,652,307.61	\$ 14,887,987.40	\$ 140,762.65	3.01%	2.86%	1.51%	30%
Corporate notes	\$ 183,591,279.21	\$ 170,656,689.21	\$ 183,589,994.00	\$ 170,494,887.50	\$ 1,646,569.16	3.63%	3.57%	20.24%	30%
Federal agency	\$ 259,819,517.04	\$ 276,333,376.54	\$ 261,003,492.00	\$ 277,232,023.19	\$ 3,245,945.37	2.80%	2.75%	28.78%	100%
Mortgage passthrough securities (agency)	\$ 102,425,545.50	\$ 103,111,956.88	\$ 103,542,573.09	\$ 104,129,734.02	\$ 1,356,303.57	4.22%	4.20%	11.42%	100%
Municipal bonds	\$ 107,795,716.62	\$ 102,688,866.62	\$ 109,232,675.55	\$ 104,050,539.50	\$ 1,017,280.04	3.63%	3.61%	12.04%	15%
Supranational securities	\$ 31,986,015.00	\$ 31,986,015.00	\$ 32,019,772.00	\$ 31,989,665.00	\$ 165,510.00	3.33%	3.33%	3.53%	10%
US Treasury	\$ 91,432,630.19	\$ 86,438,730.19	\$ 92,199,569.30	\$ 87,153,893.80	\$ 630,111.63	3.62%	3.63%	10.17%	100%
General cash account	\$ 2,390,435.00	\$ 2,182,090.00	\$ 2,390,435.00	\$ 2,182,090.00	\$ -	0.00%	0.00%	0.26%	N/A
Sweep account	\$ 8,029,691.08	\$ 21,056,455.87	\$ 8,029,691.08	\$ 21,056,455.87	\$ 187,933.69	3.97%	4.02%	0.89%	N/A
Investment cash account	\$ 480,061.32	\$ 5,208,130.55	\$ 480,061.32	\$ 5,208,130.55	\$ 48,804.93	2.10%	2.10%	0.05%	N/A
California Asset Mgmt Program (CAMP)	\$ 98,877,576.77	\$ 93,536,866.90	\$ 98,877,576.77	\$ 93,536,866.90	\$ 1,424,872.12	4.26%	4.36%	10.90%	N/A
Local Agency Investment Fund (LAIF)	\$ 1,975,223.61	\$ 1,953,879.78	\$ 1,975,223.61	\$ 1,953,879.78	\$ 42,518.63	4.15%	4.21%	0.22%	N/A
Total	\$ 902,368,568.26	\$ 909,961,934.46	\$ 906,993,371.33	\$ 913,876,153.51	\$ 9,906,611.79	3.50%	3.46%	100.00%	

City of Carlsbad investment portfolio
Maturities by classification and length of time at par value
Oct. 31, 2025

Exhibit 2

Class	Overnight	Within 12 months	13-36 months	37-60 months	Total
Certificate of deposit	-	\$ 4,229,000.00	\$ 7,875,000.00	\$ 1,468,000.00	\$ 13,572,000.00
Corporate notes	-	\$ 31,000,000.00	\$ 79,250,000.00	\$ 76,550,000.00	\$ 186,800,000.00
Federal agency	-	\$ 103,324,000.00	\$ 81,650,000.00	\$ 77,935,000.00	\$ 262,909,000.00
Mortgage passthrough securities	-	\$ 4,792,283.28	\$ 31,325,883.09	\$ 67,750,640.04	\$ 103,868,806.41
Municipal bonds	-	\$ 37,380,000.00	\$ 54,480,000.00	\$ 18,775,000.00	\$ 110,635,000.00
Supranational securities	-	\$ 9,000,000.00	\$ 7,950,000.00	\$ 15,000,000.00	\$ 31,950,000.00
US Treasury	-	\$ 22,000,000.00	\$ 47,680,000.00	\$ 22,500,000.00	\$ 92,180,000.00
General cash account	\$ 2,390,435.00	-	-	-	\$ 2,390,435.00
Sweep account	\$ 8,029,691.08	-	-	-	\$ 8,029,691.08
Investment cash account	\$ 480,061.32	-	-	-	\$ 480,061.32
California Asset Mgmt Program (CAMP)	\$ 98,877,576.77	-	-	-	\$ 98,877,576.77
Local Agency Investment Fund (LAIF)	\$ 1,975,223.61	-	-	-	\$ 1,975,223.61
Totals	\$ 111,752,987.78	\$ 211,725,283.28	\$ 310,210,883.09	\$ 279,978,640.04	\$ 913,667,794.19
Percent Total	12.23%	23.17%	33.95%	30.64%	100.00%
Funds maturing within one year	\$ 323,478,271.06				
Percentage of the budget	70.46%				

Policy:

Not less than \$305,055,224.67 to mature within one year, two-thirds of FY 25-26 operating budget of \$459,082,837.

Maximum term for all securities is five years.

