



TREASURER UPDATE

In addition to this month's Treasurer Report on our investments, I want to update the City Council and residents of Hermosa Beach on my activities in recent months.

The City Treasurer is specifically charged with providing the prudent investment of city funds as delineated in our Investment Policy. Working with our City Finance team (led by Brandon Walker), there is integration with our cash flow update and the ebb and flow of our balances due to the timing of inflows and expenses. Our dialog and collaboration have been excellent, ensuring that we are aligned on actions and strategies.

I did set goals during the 2024 campaign and wish to share my progress on them.

1) GOAL: Efficient, optimized management of Hermosa's Investment Portfolio

- We are currently navigating changes in interest rate environment and working to change our portfolio structure to favor the more typical yield environment over the coming months.
- We have updated our investment policy language to increase our flexibility and choices in buying CDs. (presented to and approved by City Council on June 10, 2025).
- We purchase Treasuries and CDs through a broker to implement our investment strategy. Hermosa Beach last issued an RFP in approximately 2013 and while several brokers were identified, our engagement with them has narrowed over the years. We have been dealing exclusively with one firm since August 2021 and while they are a valued partner, I do intend to work with our Administrative Services / Finance Team to release an RFP for similar services in the near future. This will ensure that we continue to receive competitive pricing and market insight.

2) GOAL: Increased engagement and visibility with City Council, City Staff and community members

- The role of City Treasurer has traditionally maintained a low profile while managing our investments. As such, there is not an established schedule or norms for engagement but I have worked to have more visibility within our community.

- So far in 2025, I have spoken at our City Council meetings on March 25 and June 10. I intend to continue attending City Council meetings as appropriate, including finance-related meetings.
- I do make a point to attend events within Hermosa Beach and yes, I do get impromptu questions from residents about our investments, our city's overall finance and role clarity in a variety of settings. I welcome these conversations! Since taking office, this has included my attendance at: State of the City Address, Chief Landon Phillips Badge Pinning Ceremony, Mayor Rotation, St Patrick's Day Parade, Clark Building Reopening, Leadership Hermosa Orientation and City Government night, Hermosa 9-11 Memorial event, Glow Ride to benefit Cystic Fibrosis, Oktoberfest and Coastal Commission Reception.
- While the current monthly Treasurer's Report format is sufficient, I am reviewing potential improvements for 2026.

3) Prioritize dialog with peers throughout California to evaluate and institute best practices.

- I have enjoyed connecting with Treasurers in other California cities. There are significant differences in scope, staffing, Treasurer experience and size of investment portfolio that make direct comparisons somewhat challenging. Still, these conversations are valuable, and I have spoken with my counterparts in Glendale, Carlsbad, Manhattan Beach and other jurisdictions to understand their approach and identify practices that might be applicable for Hermosa Beach.
- I attended the California Municipal Treasurers Association (CMTA) conference in April and spent two days learning about different approaches and philosophies to the betterment of our residents. As well, I presented as a panelist on the CMTA "Elected Treasurers – A Roundtable Discussion" in August.

I continue to enjoy this role and work to ensure that Hermosa Beach Investment Funds are invested in a manner consistent with Safety, Liquidity and Return.

Respectfully Submitted,

David Pedersen