# CITY COUNCIL REPORT

**9.C.**

**DATE:** SEPTEMBER 16, 2025

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** Markisha Guillory, Finance Director, 510-724-9823, MGuillory@pinole.gov

**SUBJECT:** FY 2024/25 FOURTH QUARTER INVESTMENT REPORT

## RECOMMENDATION

Staff recommends that the City Council receive the Quarterly Investment Report for the fourth quarter (ending June 30, 2025).

## BACKGROUND

The City of Pinole Investment Policy requires that a Quarterly Investment Report be submitted to the City Council. The City's investments, as shown in the attached Investment Report for the quarter ending June 30, 2025, conform to the City's Investment Policy as well as all applicable State and federal requirements, including California Government Code Section 53646.

The funds that the City invests, and which are reported in the Quarterly Investment Report, are comprised of cash and investment balances that are held across all City funds. The cash and investment balances across all City funds are "pooled" for investment purposes, with the exception of the assets of the General Reserve, which is discussed further below. Cash is invested in accordance with the City's Investment Policy. Interest earnings on investments are allocated to the various funds based on the cash and investment balances of those funds.

The City also maintains a Section 115 Pension Trust that was established for the purpose of setting aside resources to offset anticipated increases in future City pension costs. The cash and investments in the trust are designated as restricted fund balance in the City's General Fund. These funds are invested according to the policy objectives and guidelines of the City's Pension Investment Policy.

## REVIEW AND ANALYSIS

### Investment Policy

All investments held at June 30, 2025 conform to the City's Investment Policy and all applicable State and federal requirements. The City's investment objectives, in order of priority, are safety, which is investing in the highest quality securities; liquidity, which is the ability to convert the investment to cash as necessary to meet cash flow requirements; and yield, which is earning a higher return.

### Investment Strategy

The City utilizes a passive investment management approach by buying and holding securities until maturity. Earnings on investments held until maturity typically fluctuate with market conditions and are considered “unrealized” prior to maturity. The City expects to yield a gain on all investments at maturity. A “laddered maturity” investment strategy is applied to the long-term portion of the City’s investment portfolio. A laddered portfolio is structured with securities that have different maturity dates. As securities are called or mature, proceeds are reinvested in a new security with another long term at the end of the ladder. Laddering helps to minimize interest-rate risk, increase liquidity, and diversify credit risk.

Staff continues to monitor rates of return on City funds invested and make investments to best achieve the objectives laid out in the Investment Policy.

**Fourth Quarter Investment Summary**

As of June 30, 2025, total cash and investments increased by $886,444 from the previous quarter, from $52,027,284 to $52,913,728. Typically, the City experiences swings in cash inflow and outflow due to the seasonality of large receipts, such as property taxes, and large disbursements, like debt service that is paid semiannually. The City will have sufficient cash flow to meet the next six months of estimated expenditures.

Investment Instruments

The Finance Director, in consultation with the City Treasurer, selects the instruments in which to invest the City’s funds, in order to best meet the objectives laid out in the City’s Investment Policy. The balances held in different investment instruments at June 30, 2025 are noted in Attachment A. The bulk of the City’s investment funds are invested in the State of California’s Local Agency Investment Fund (LAIF), because of the safety and liquidity of that investment.

Funds in the City’s General Reserve are maintained in an account that is separate from the rest of the pooled funds. This enables the Finance Director to implement a directed investment plan for the General Reserve funds. The City’s practice has been to invest these funds in instruments with longer duration, thereby yielding greater investment earnings.

Investment Yield and Duration

The weighted average yield of the City’s investment portfolio for the quarter ended June 30, 2025 is summarized in Attachment A. The total investment portfolio yielded 4.227% for the fourth quarter (April-June 2025), slightly up from the 4.185% yielded in the previous quarter (January-March 2025).

For the fourth quarter, LAIF earned an average annual yield of 4.269%, down from an average annual yield of 4.313% for the third quarter.

The General Reserve, which holds the longer-term investments, earned an average annual yield of 3.880%, slightly up from the 3.643% average annual yield in the third quarter. Four certificates of deposit and one federal agency security matured and redeemed for cash: BMW Bk North Ame, First Technology Federal Credit, Partners Bk Helena Ark, State Bk Indiana Chicago II, and Federal Farm Credit Bks. No new investment instruments were purchased during the fourth quarter.

**Section 115 Trust**

The Section 115 Trust is comprised of a diversified portfolio of investments consistent with the Trust's objectives and liquidity requirements. The funds are invested on behalf of the City by Public Agency Retirement Services (PARS). The portfolio summary for the quarter ending June 30, 2025 is included in Attachment B to this report.

## FISCAL IMPACT

There is no fiscal impact as a result of receiving the Fourth Quarter Investment Report.

## ATTACHMENTS

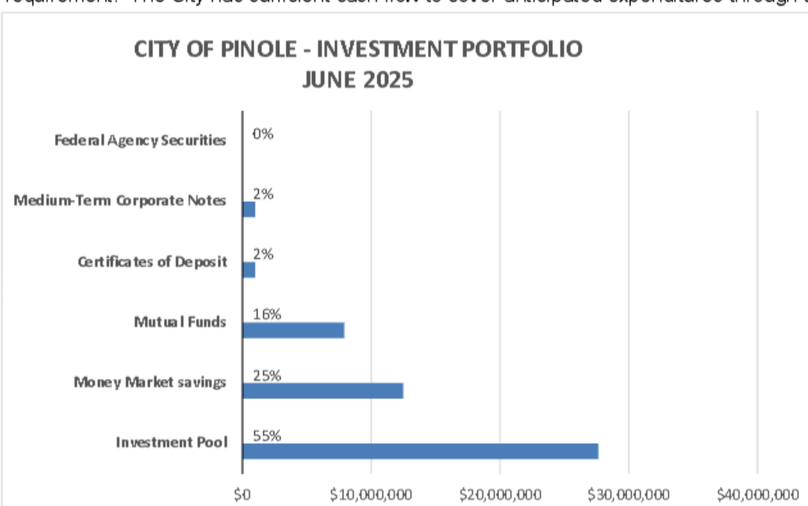
A. Investment Report-Quarter Ending June 30, 2025
B. Pension Trust Investment Report-Quarter Ending June 30, 2025

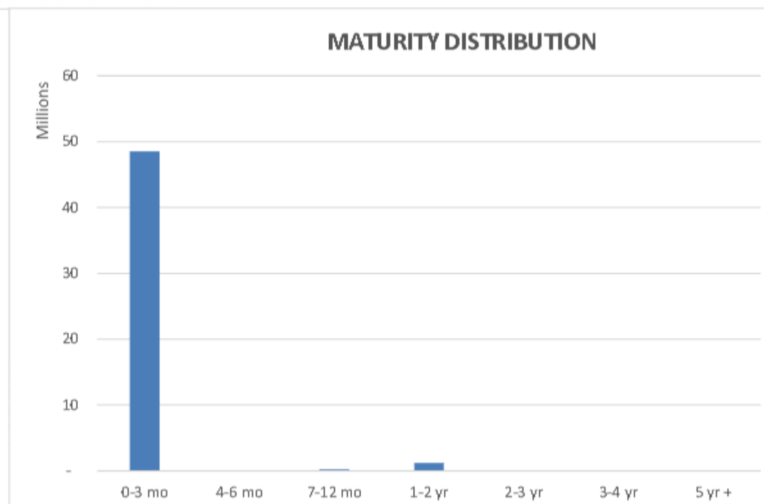
CITY OF PINOLE
INVESTMENT REPORT JUNE 2025
PORTFOLIO SUMMARY

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Days to Maturity | Yield | Weighted Average Maturity |
|---|---|---|---|---|---|---|---|
| Investment Pool - LAIF | 23,987,102 | 24,015,846 | 24,015,846 | 48.00% | 1 | 4.269 | 0 |
| Investment Pool - CalTrust | 3,631,411 | 3,631,411 | 3,631,411 | 7.26% | 1 | 4.135 | 0 |
| Money Market Savings | 12,483,118 | 12,483,118 | 12,483,118 | 24.95% | 1 | 4.490 | 0 |
| Mutual Funds | 7,924,691 | 7,924,691 | 7,924,691 | 15.84% | 1 | 3.952 | 0 |
| Certificates of Deposit | 993,000 | 997,499 | 997,499 | 1.99% | 193 | 5.064 | 1 |
| Medium-Term Corporate Notes | 1,000,000 | 977,070 | 977,070 | 1.95% | 438 | 2.100 | 9 |
| Federal Agency Securities | - | - | - | 0.00% | 0 | 0.000 | 0 |
| Subtotal Investments | $ 50,019,321 | $ 50,029,634 | $ 50,029,634 | 100.00% | 127 | 4.227 | 2 |
| | | | | | Average Years to Maturity: | | 0.3 |
| **Cash** | | | | | | | |
| Mechanics Bank - Vendor Checking * | 1,035,397 | 1,035,397 | 1,035,397 | | 1 | | |
| BMO - Payroll Checking * | 1,138,387 | 1,138,387 | 1,138,387 | | 1 | | |
| BMO - Checking (Credit Card Clearing) * | 710,309 | 710,309 | 710,309 | | 1 | | |
| Subtotal Cash | 2,884,093 | 2,884,093 | 2,884,093 | | 1 | | |
| **Total Cash and Investments** | **$ 52,903,415** | **$ 52,913,728** | **$ 52,913,728** | | | | |

*Not included in yield calculations

The above investments are consistent with the City's Investment Policy and allowable under current legislation of the State of California. Investments were selected using safety, liquidity and yield as the criteria. The source of the market values for the investments are provided by US Bank in accordance with the California Government Code requirement. The City has sufficient cash flow to cover anticipated expenditures through the next six months.



**CITY OF PINOLE**
**INVESTMENT REPORT JUNE 2025**
**PORTFOLIO DETAILS**

| Type / Account Number | CUSIP | Issuer | Manager | GL Acct # | Par Value | Market Value | Book Value | Rate | Yield | Days to Maturity | S&P Rating | Maturity Date | Weighted Average Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Investment Pool** | | | | | | | | | | | | | |
| | | Local Agency Investment Fund (LAIF) | LAIF | 999-10201 | 23,987,102 | 24,015,846 | 24,015,846 | 4.269 | 4.269 | 1 | N/A | | 0 |
| | | CalTrust - Short Term Fund (City) | CalTrust | 999-10202 | 27,860 | 27,860 | 27,860 | 4.290 | 4.290 | 1 | N/A | | 0 |
| | | CalTrust - Medium Term Fund (City) | CalTrust | 999-10203 | 3,603,551 | 3,603,551 | 3,603,551 | 3.980 | 3.980 | 1 | N/A | | 0 |
| | | | | | 27,618,513 | 27,647,257 | 27,647,257 | 4.180 | 4.231 | 1 | | | 0 |
| **Money Market Savings** | | | | | | | | | | | | | |
| | | Mechanics Bank | City | 999-10102 | 11,251,967 | 11,251,967 | 11,251,967 | 4.530 | 4.530 | 1 | N/A | | 0 |
| | | Mechanics Bank | City | 500-10311 | 1,123,342 | 1,123,342 | 1,123,342 | 4.520 | 4.520 | 1 | N/A | | 0 |
| | | BMO | City | 999-10104 | 107,809 | 107,809 | 107,809 | 0.010 | 0.010 | 1 | N/A | | 0 |
| | | | | | 12,483,118 | 12,483,118 | 12,483,118 | 3.020 | 4.490 | 1 | | | 0 |
| **Mutual Funds** | | | | | | | | | | | | | |
| 19-516680 | | U.S. Bank | US Bank | 150-10110 | 33,327 | 33,327 | 33,327 | 1.980 | 1.980 | 1 | N/A | | 0 |
| 19-516680 | 31846V203 | 1st American Government Obligation Fund | US Bank | 150-10110 | 7,891,363 | 7,891,363 | 7,891,363 | 3.960 | 3.960 | 1 | N/A | | 0 |
| | | | | | 7,924,691 | 7,924,691 | 7,924,691 | 2.970 | 3.952 | 1 | | | 0 |
| **Certificates of Deposit** | | | | | | | | | | | | | |
| 19-516680 | 01025RAG4 | Alabama Cr Un | US Bank | 150-10110 | 248,000 | 250,321 | 250,321 | 5.000 | 4.950 | 357 | N/A | 6/22/2026 | 2 |
| 19-516680 | 30960QAP2 | Farmers Insurance Group Fed | US Bank | 150-10110 | 248,000 | 248,124 | 248,124 | 5.250 | 5.250 | 21 | N/A | 7/21/2025 | 0 |
| 19-516680 | 53052LAW9 | Liberty Fed Cr Un Evansville | US Bank | 150-10110 | 248,000 | 248,102 | 248,102 | 5.300 | 5.300 | 14 | N/A | 7/14/2025 | 0 |
| 19-516680 | 910286GR8 | United Fid Bk FSB Evansville I | US Bank | 150-10110 | 249,000 | 250,952 | 250,952 | 4.800 | 4.760 | 379 | N/A | 7/14/2026 | 2 |
| | | | | | 993,000 | 997,499 | 997,499 | 5.088 | 5.064 | 193 | | | 1 |
| **Medium-Term Corporate Notes** | | | | | | | | | | | | | |
| 19-516679 | 037833DN7 | Apple Inc. | US Bank | 150-10110 | 1,000,000 | 977,070 | 977,070 | 2.050 | 2.100 | 438 | AA+ | 9/11/2026 | 9 |
| | | | | | 1,000,000 | 977,070 | 977,070 | 2.050 | 2.100 | 438 | | | 9 |
| **Federal Agency Securities** | | | | | | | | | | | | | |
| | | | | | - | - | - | 0.000 | 0.000 | - | | | 0 |
| | | | | | **$ 50,019,321** | **$ 50,029,634** | **$ 50,029,634** | **3.461** | **4.227** | **127** | | | **2** |

| | |
|---|---|
| **Average Years :** | **0.3** |

**CITY OF PINOLE**
**INVESTMENT REPORT JUNE 2025**
**SECTION 115 TRUST PORTFOLIO SUMMARY**

| Investments | Market Value | Book Value | % of Market | Yield |
|---|---|---|---|---|
| Cash and Equivalents | 222,006 | 222,006 | 1.79% | 5.020 |
| U.S. Government Issues | 4,119,983 | 4,291,382 | 33.11% | 4.100 |
| Corporate Issues | 3,188,380 | 3,179,773 | 25.62% | 5.190 |
| Foreign Issues | 127,325 | 124,962 | 1.02% | 5.080 |
| Municipal Issues | - | - | 0.00% | - |
| Mutual Funds-Equity | 4,383,322 | 3,969,966 | 35.23% | 1.330 |
| Mutual Funds-Fixed Income | 349,945 | 344,826 | 2.81% | 6.230 |
| **Total Assets** | **12,390,961** | **12,132,915** | **99.58%** | **3.490** |
| Accrued Income | 51,967 | 51,967 | 0.42% | |
| **Grand Total** | **$ 12,442,928** | **$ 12,184,881** | **100%** | |