



CITY COUNCIL REPORT

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DATE: NOVEMBER 18, 2025
TO: MAYOR AND COUNCIL MEMBERS
FROM: Markisha Guillory, Finance Director, 510-724-9823, MGuillory@pinole.gov
SUBJECT: FY 2025/26 FIRST QUARTER INVESTMENT REPORT

RECOMMENDATION

Staff recommend that the City Council receive the Quarterly Investment Report for the first quarter (ending September 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 September 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 September 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 continue to monitor rates of return on City funds invested and make investments to best achieve the objectives laid out in the Investment Policy.

First Quarter Investment Summary

As of September 30, 2025, total cash and investments decreased by \$9,163,671 from the previous quarter, from \$52,913,728 to \$43,750,057. 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 September 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 September 30, 2025 is summarized in Attachment A. The total investment portfolio yielded 3.982% for the first quarter (July-September 2025), slightly down from the 4.227% yielded in the previous quarter (April-June 2025).

For the first quarter, LAIF earned an average annual yield of 4.212%, down from an average annual yield of 4.269% for the fourth quarter.

The General Reserve, which holds the longer-term investments, earned an average annual yield of 3.619%, slightly down from the 3.880% average annual yield in the fourth quarter. Two certificates of deposit matured and were redeemed for cash: Farmers Insurance Group and Liberty Federal Credit Union Evansville. No new investment instruments were purchased

during the first 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 September 30, 2025 is included in Attachment B to this report.

FISCAL IMPACT

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

ATTACHMENTS

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

CITY OF PINOLE
INVESTMENT REPORT SEPTEMBER 2025
PORTFOLIO SUMMARY

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	Yield	Weighted Average Maturity
Investment Pool - LAIF	20,249,906	20,288,979	20,288,979	49.10%	1	4.212	0
Investment Pool - CalTrust	3,675,279	3,675,279	3,675,279	8.89%	1	3.800	0
Money Market Savings	7,357,887	7,357,887	7,357,887	17.81%	1	4.000	0
Mutual Funds	8,512,054	8,512,054	8,512,054	20.60%	1	3.724	0
Certificates of Deposit	497,000	500,998	500,998	1.21%	276	4.860	2
Medium-Term Corporate Notes	1,000,000	983,830	983,830	2.38%	346	2.080	8
Federal Agency Securities	-	-	-	0.00%	0	0.000	0
Subtotal Investments	\$ 41,292,125	\$ 41,319,027	\$ 41,319,027	100.00%	125	3.982	2

Average Years to Maturity: 0.3

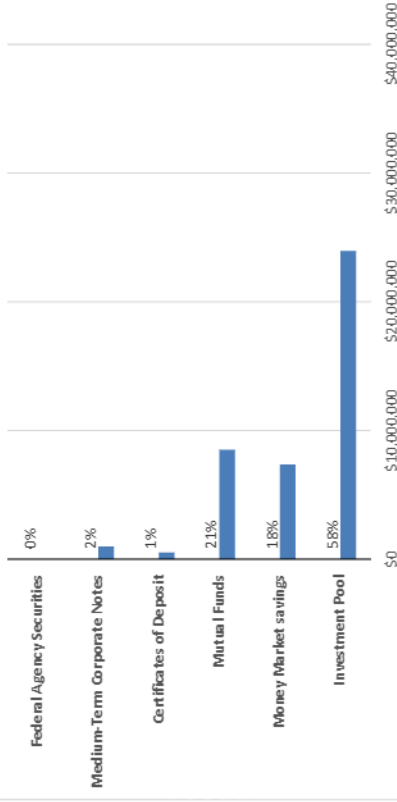
Cash							
Mechanics Bank - Vendor Checking *	1,314,034	1,314,034	1,314,034		1		
BMO - Payroll Checking *	644,461	644,461	644,461		1		
BMO - Checking (Credit Card Clearing) *	472,535	472,535	472,535		1		
Subtotal Cash	2,431,030	2,431,030	2,431,030		1		

Total Cash and Investments \$ 43,723,155 \$ 43,750,057 \$ 43,750,057

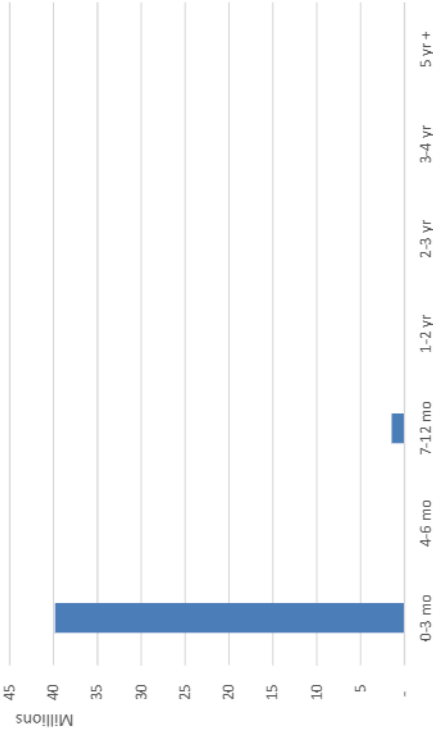
*Not included in yield calculations

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 PORTFOLIO
SEPTEMBER 2025



MATURITY DISTRIBUTION



CITY OF PINOLE
INVESTMENT REPORT SEPTEMBER 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) CalTrust - Short Term Fund (City) CalTrust - Medium Term Fund (City)	LAIF CalTrust CalTrust	999-10201	20,249,906	20,288,979	20,288,979	4.212	4.212	1	N/A		0
				999-10202	28,183	28,183	28,183	3.940	3.940	1	N/A		0
				999-10203	3,647,095	3,647,095	3,647,095	3.660	3.660	1	N/A		0
					23,925,184	23,964,258	23,964,258	3.937	4.128	1			0
Money Market Savings													
		Mechanics Bank Mechanics Bank Mechanics Bank BMO	City City City City	999-10102	5,759,984	5,759,984	5,759,984	4.270	4.270	1	N/A		0
				500-10311	1,135,684	1,135,684	1,135,684	4.260	4.260	1	N/A		0
				999-10108	354,404	354,404	354,404	4.260	4.260	1	N/A		0
				999-10104	107,815	107,815	107,815	0.010	0.010	1	N/A		0
					7,357,887	7,357,887	7,357,887	3.200	4.000	1			0
Mutual Funds													
19-516680	31846V203	U.S. Bank 1st American Government Obligation Fund	US Bank US Bank	150-10110	28,861	28,861	28,861	1.980	1.980	1	N/A		0
				150-10110	8,483,193	8,483,193	8,483,193	3.730	3.730	1	N/A		0
					8,512,054	8,512,054	8,512,054	2.855	3.724	1			0
Certificates of Deposit													
19-516680	0102SRAG4	Alabama Cr Un	US Bank	150-10110	248,000	250,108	250,108	5.000	4.960	265	N/A	6/22/2026	2
19-516680	910286GR8	United Fid Bk FSB Evansville I	US Bank	150-10110	249,000	250,890	250,890	4.800	4.760	287	N/A	7/14/2026	2
					497,000	500,998	500,998	4.900	4.860	276			2
Medium-Term Corporate Notes													
19-516679	037833DN7	Apple Inc.	US Bank	150-10110	1,000,000	983,830	983,830	2.050	2.080	346	AA+	9/11/2026	8
					1,000,000	983,830	983,830	2.050	2.080	346			8
Federal Agency Securities													
					-	-	-	0.000	0.000	-			0
					\$ 41,292,125	\$ 41,319,027	\$ 41,319,027	3.388	3.982	125			
												Average Years:	0.3

CITY OF PINOLE
INVESTMENT REPORT SEPTEMBER 2025
SECTION 115 TRUST PORTFOLIO SUMMARY

Investments	Market Value	Book Value	% of Market	Yield
Cash and Equivalents	406,305	406,305	3.14%	3.540
U.S. Government Issues	3,618,473	3,728,223	27.95%	4.050
Corporate Issues	2,133,111	2,115,926	16.47%	5.130
Foreign Issues	118,392	115,693	0.91%	5.400
Municipal Issues	-	-	0.00%	-
Mutual Funds-Equity	6,377,939	5,632,575	49.26%	1.510
Mutual Funds-Fixed Income	254,954	250,806	1.97%	6.360
Total Assets	12,909,173	12,249,527	99.70%	3.010
Accrued Income	38,930	38,930	0.30%	
Grand Total	\$ 12,948,103	\$ 12,288,456	100%	

