



# CITY COUNCIL REPORT

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**DATE:** FEBRUARY 17, 2026  
**TO:** MAYOR AND COUNCIL MEMBERS  
**FROM:** Markisha Guillory, Finance Director, 510-724-9823, MGuillory@pinole.gov  
**SUBJECT:** FY 2025/26 SECOND QUARTER INVESTMENT REPORT

## **RECOMMENDATION**

Staff recommend that the City Council receive the Quarterly Investment Report for the second quarter (ending December 31, 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 December 31, 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 December 31, 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.

## **Second Quarter Investment Summary**

As of December 31, 2025, total cash and investments decreased by \$1,823,050 from the previous quarter, from \$43,750,057 to \$41,927,007. 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 December 31, 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 December 31, 2025 is summarized in Attachment A. The total investment portfolio yielded 3.728% for the second quarter (October-December 2025), slightly down from the 3.982% yielded in the previous quarter (July-September 2025).

For the second quarter, LAIF earned an average annual yield of 4.025%, down from an average annual yield of 4.212% for the first quarter.

The General Reserve, which holds the longer-term investments, earned an average annual yield of 3.304%, slightly down from the 3.619% average annual yield in the first quarter. There were no investment maturities, and no new investments were purchased during the second 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 December 31, 2025 is included in Attachment B to this report.

### **FISCAL IMPACT**

There is no fiscal impact.

### **ATTACHMENTS**

- A. Investment Report-Quarter Ending December 31, 2025
- B. Pension Trust Investment Report-Quarter Ending December 31, 2025

**CITY OF PINOLE  
INVESTMENT REPORT DECEMBER 2025  
PORTFOLIO SUMMARY**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	Yield	Weighted Average Maturity
Investment Pool - LAIF	17,011,001	17,048,111	17,048,111	43.62%	1	4.025	0
Investment Pool - CalTrust	3,715,746	3,715,746	3,715,746	9.51%	1	3.645	0
Money Market Savings	10,658,265	10,658,265	10,658,265	27.27%	1	3.595	0
Mutual Funds	6,175,629	6,175,629	6,175,629	15.80%	1	3.374	0
Certificates of Deposit	497,000	500,121	500,121	1.28%	184	4.870	1
Medium-Term Corporate Notes	1,000,000	988,800	988,800	2.53%	254	2.070	6
Federal Agency Securities	-	-	-	0.00%	0	0.000	0
Subtotal Investments	\$ 39,057,642	\$ 39,086,672	\$ 39,086,672	100.00%	88	3.728	1

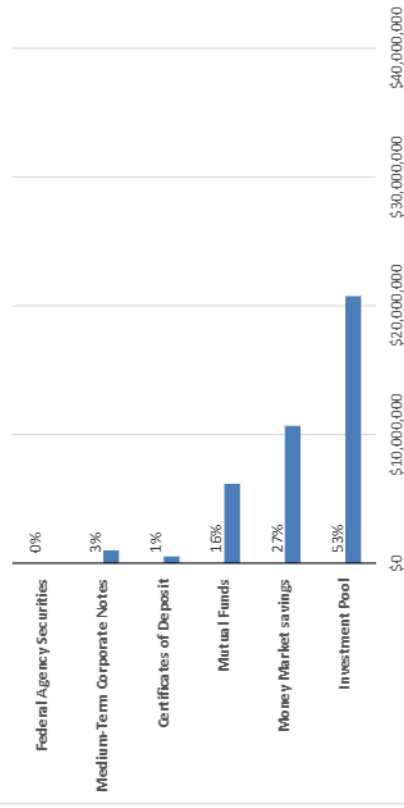
Cash	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	Yield	Weighted Average Maturity
Mechanics Bank - Vendor Checking *	1,338,691	1,338,691	1,338,691		1		
BMO - Payroll Checking *	796,863	796,863	796,863		1		
BMO - Checking (Credit Card Clearing) *	704,781	704,781	704,781		1		
Subtotal Cash	2,840,335	2,840,335	2,840,335		1		

**Total Cash and Investments \$ 41,897,977 \$ 41,927,007 \$ 41,927,007**

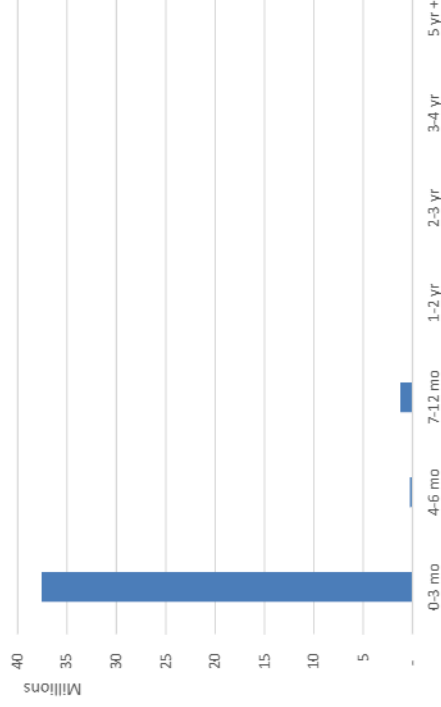
\*Not included in yield calculations

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  
DECEMBER 2025**



**MATURITY DISTRIBUTION**

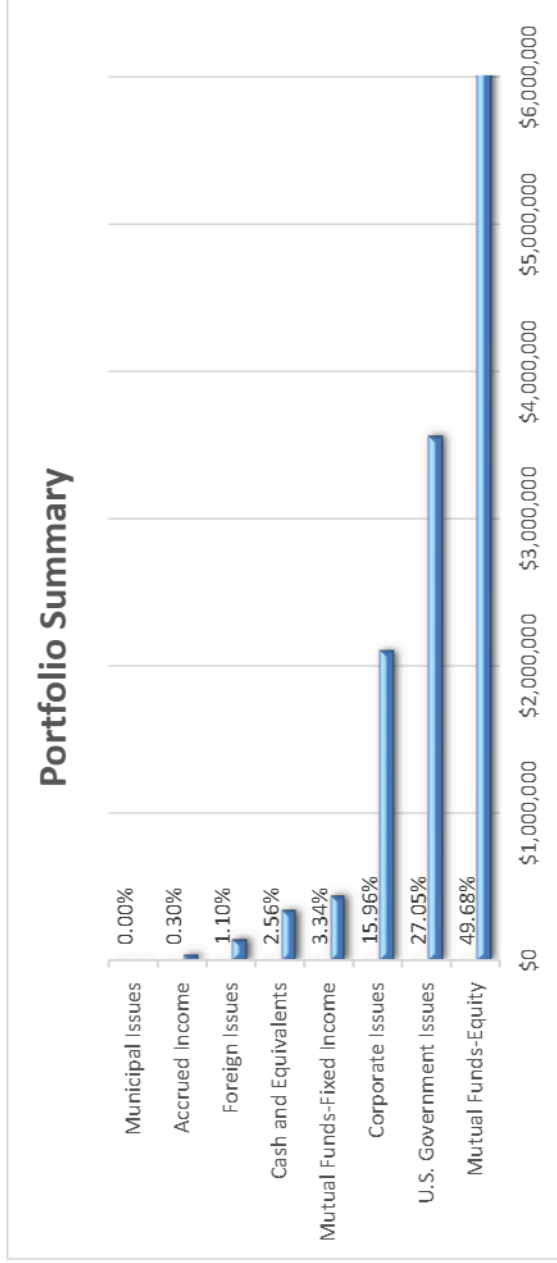


CITY OF PINOLE  
 INVESTMENT REPORT DECEMBER 2025  
 PORTFOLIO DETAILS

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
<b>Investment Pool</b>													
		Local Agency Investment Fund (LAIF)	LAIF	999-10201	17,011,001	17,048,111	17,048,111	4.025	4.025	1	N/A		0
		CallTrust - Short Term Fund (City)	CallTrust	999-10202	28,471	28,471	28,471	3.670	3.670	1	N/A		0
		CallTrust - Medium Term Fund (City)	CallTrust	999-10203	3,687,275	3,687,275	3,687,275	3.620	3.620	1	N/A		0
					20,726,748	20,763,857	20,763,857	3.772	3.953	1			0
<b>Money Market Savings</b>													
		Mechanics Bank	City	999-10102	9,045,303	9,045,303	9,045,303	3.750	3.750	1	N/A		0
		Mechanics Bank	City	500-10311	1,146,955	1,146,955	1,146,955	3.740	3.740	1	N/A		0
		Mechanics Bank	City	999-10108	357,921	357,921	357,921	3.740	3.740	1	N/A		0
		BMO	City	999-10104	108,086	108,086	108,086	0.995	0.995	1	N/A		0
					10,658,265	10,658,265	10,658,265	3.056	3.595	1			0
<b>Mutual Funds</b>													
19-516680		U.S. Bank	US Bank	150-10110	25,086	25,086	25,086	1.980	1.980	1	N/A		0
19-516680	31846V203	1st American Government Obligation Fund	US Bank	150-10110	6,150,544	6,150,544	6,150,544	3.380	3.380	1	N/A		0
					6,175,629	6,175,629	6,175,629	2.680	3.374	1			0
<b>Certificates of Deposit</b>													
19-516680	01025RAG4	Alabama Cr Un	US Bank	150-10110	248,000	249,590	249,590	5.000	4.970	173	N/A	6/22/2026	1
19-516680	910286GR8	United Fid BK FSB Evansville I	US Bank	150-10110	249,000	250,531	250,531	4.800	4.770	195	N/A	7/14/2026	1
					497,000	500,121	500,121	4.900	4.870	184			1
<b>Medium-Term Corporate Notes</b>													
19-516679	037833DN7	Apple Inc.	US Bank	150-10110	1,000,000	988,800	988,800	2.050	2.070	254	AA+	9/11/2026	6
					1,000,000	988,800	988,800	2.050	2.070	254			6
<b>Federal Agency Securities</b>													
					-	-	-	0.000	0.000	-			0
					<b>\$ 39,057,642</b>	<b>\$ 39,086,672</b>	<b>\$ 39,086,672</b>	<b>3.292</b>	<b>3.728</b>	<b>88</b>			<b>1</b>
												<b>Average Years:</b>	<b>0.2</b>

**CITY OF PINOLE  
 INVESTMENT REPORT DECEMBER 2025  
 SECTION 115 TRUST PORTFOLIO SUMMARY-PENSION**

<b>Investments</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Market</b>	<b>Yield</b>
Cash and Equivalents	336,884	336,884	2.56%	3.640
U.S. Government Issues	3,564,968	3,681,756	27.05%	4.020
Corporate Issues	2,103,857	2,100,123	15.96%	4.990
Foreign Issues	145,418	143,255	1.10%	5.430
Municipal Issues	-	-	0.00%	-
Mutual Funds-Equity	6,547,776	5,798,183	49.68%	2.000
Mutual Funds-Fixed Income	440,098	437,940	3.34%	6.480
<b>Total Assets</b>	<b>13,139,001</b>	<b>12,498,140</b>	<b>99.70%</b>	<b>3.260</b>
Accrued Income	39,692	39,692	0.30%	
<b>Grand Total</b>	<b>\$ 13,178,693</b>	<b>\$ 12,537,832</b>	<b>100%</b>	



**CITY OF PINOLE  
 INVESTMENT REPORT DECEMBER 2025  
 SECTION 115 TRUST PORTFOLIO SUMMARY-OPEB**

<b>Investments</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Market</b>	<b>Yield</b>
Cash and Equivalents	53,530	53,530	2.20%	3.610
U.S. Government Issues	-	-	0.00%	-
Corporate Issues	-	-	0.00%	-
Foreign Issues	-	-	0.00%	-
Municipal Issues	-	-	0.00%	-
Mutual Funds-Equity	1,214,493	1,223,414	49.99%	2.000
Mutual Funds-Fixed Income	1,161,460	1,162,724	47.80%	4.380
<b>Total Assets</b>	<b>2,429,482</b>	<b>2,439,668</b>	<b>99.99%</b>	<b>3.170</b>
Accrued Income	168	168	0.01%	
<b>Grand Total</b>	<b>\$ 2,429,650</b>	<b>\$ 2,439,836</b>	<b>100%</b>	

