CITY COUNCIL REPORT

9.D.

DATE: SEPTEMBER 15, 2026

TO: MAYOR AND COUNCIL MEMBERS

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

SUBJECT: FY 2025/26 FOURTH QUARTER INVESTMENT REPORT

RECOMMENDATION

Staff recommend that the City Council receive the Quarterly Investment Report for the fourth quarter (ending June 30, 2026).

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, 2026, 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 and other post-employment benefits (OPEB) 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, 2026 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.

The City also maintains funds in mutual funds when their rates are competitive with other investment instruments.

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.

Fourth Quarter Investment Summary

As of June 30, 2026, total cash and investments increased by $7,759,252 from the previous quarter, from $41,079,076 to $48,838,323. 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, 2026 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, 2026 is summarized in Attachment A. The total investment portfolio yielded 3.686% for the fourth quarter (April-June 2026), slightly up from the 3.655% yielded in the previous quarter (January-March 2026).

For the fourth quarter, LAIF earned an average annual yield of 3.816%, down from an average annual yield of 3.826% for the third quarter.

The General Reserve, which holds longer-term investments, earned an average annual yield of 3.143%, slightly down from the 3.215% average annual yield in the third quarter. During the fourth quarter, Alabama Credit Union certificate of deposit matured, and no new investment instruments were purchased.

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, 2026, is included in Attachment B to this report.

FISCAL IMPACT

There is no fiscal impact.

ATTACHMENTS

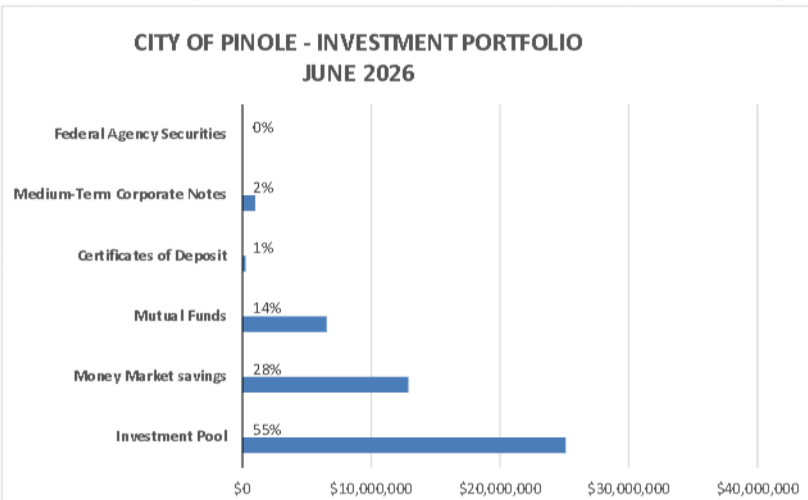
A. Investment Report - Quarter Ending June 30, 2026
B. Pension Trust Investment Report - Quarter Ending June 30, 2026

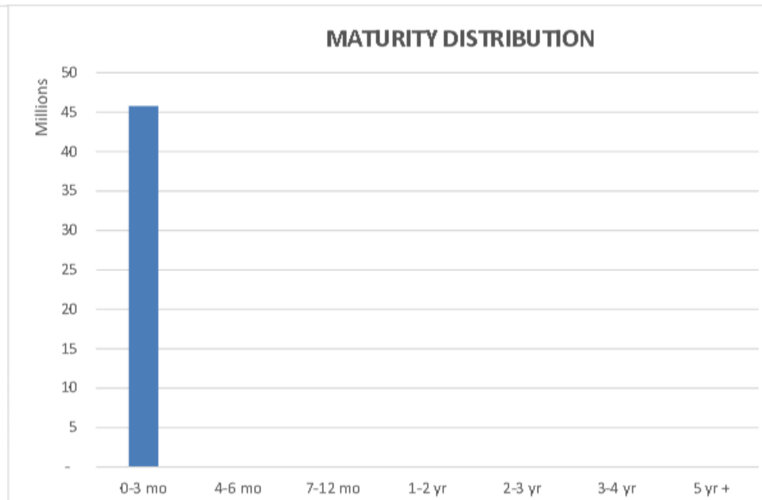
CITY OF PINOLE
INVESTMENT REPORT JUNE 2026
PORTFOLIO SUMMARY

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	Yield	Weighted Average Maturity
Investment Pool - LAIF	21,379,114	21,355,007	21,355,007	46.65%	1	3.816	0
Investment Pool - CalTrust	3,738,658	3,738,658	3,738,658	8.17%	1	4.020	0
Money Market Savings	12,896,261	12,896,261	12,896,261	28.17%	1	3.671	0
Mutual Funds	6,540,857	6,540,857	6,540,857	14.29%	1	3.245	0
Certificates of Deposit	249,000	249,077	249,077	0.54%	14	4.800	0
Medium-Term Corporate Notes	1,000,000	996,230	996,230	2.18%	73	2.060	2
Federal Agency Securities	-	-	-	0.00%	0	0.000	0
Subtotal Investments	$ 45,803,890	$ 45,776,090	$ 45,776,090	100.00%	18	3.686	0
					Average Years to Maturity:		0.0
Cash							
Mechanics Bank - Vendor Checking *	1,825,157	1,825,157	1,825,157		1		
BMO - Payroll Checking *	591,522	591,522	591,522		1		
BMO - Checking (Credit Card Clearing) *	645,560	645,560	645,560		1		
Subtotal Cash	3,062,238	3,062,238	3,062,238		1		
Total Cash and Investments	**$ 48,866,129**	**$ 48,838,328**	**$ 48,838,328**				

*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.





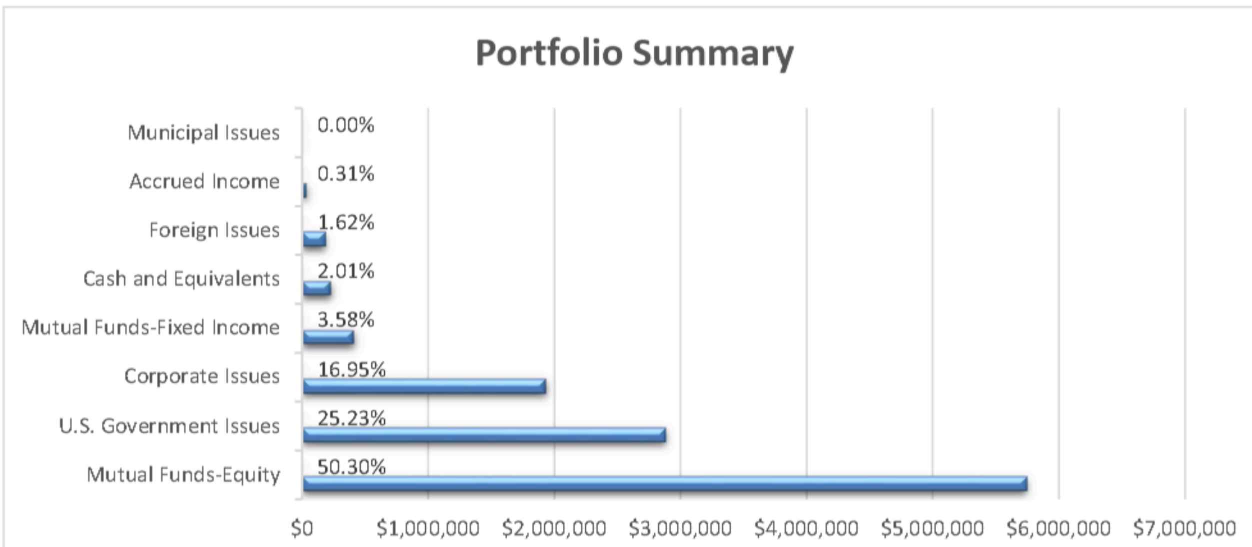
CITY OF PINOLE
INVESTMENT REPORT JUNE 2026
PORTFOLIO DETAILS

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	21,379,114	21,355,007	21,355,007	3.816	3.816	1	N/A		0
		CalTrust - Short Term Fund (City)	CalTrust	999-10202	28,876	28,876	28,876	3.920	3.920	1	N/A		0
		CalTrust - Medium Term Fund (City)	CalTrust	999-10203	3,709,782	3,709,782	3,709,782	4.120	4.120	1	N/A		0
					25,117,772	25,093,665	25,093,665	3.952	3.861	1			0
Money Market Savings													
		Mechanics Bank	City	999-10102	11,432,466	11,432,466	11,432,466	3.750	3.750	1	N/A		0
		Mechanics Bank	City	500-10311	1,168,045	1,168,045	1,168,045	3.740	3.740	1	N/A		0
		Mechanics Bank	City	999-10108	187,130	187,130	187,130	3.740	3.740	1	N/A		0
		BMO	City	999-10104	108,620	108,620	108,620	0.995	0.995	1	N/A		0
					12,896,261	12,896,261	12,896,261	3.056	3.671	1			0
Mutual Funds													
19-516680		U.S. Bank	US Bank	150-10110	23,788	23,788	23,788	1.980	1.980	1	N/A		0
19-516680	31846V203	1st American Government Obligation Fund	US Bank	150-10110	6,517,069	6,517,069	6,517,069	3.250	3.250	1	N/A		0
					6,540,857	6,540,857	6,540,857	2.615	3.245	1			0
Certificates of Deposit													
19-516680	910286GR8	United Fid Bk FSB Evansville I	US Bank	150-10110	249,000	249,077	249,077	4.800	4.800	14	N/A	7/14/2026	0
					249,000	249,077	249,077	4.800	4.800	14			0
Medium-Term Corporate Notes													
19-516679	037833DN7	Apple Inc.	US Bank	150-10110	1,000,000	996,230	996,230	2.050	2.060	73	AA+	9/11/2026	2
					1,000,000	996,230	996,230	2.050	2.060	73			2
Federal Agency Securities													
					-	-	-	0.000	0.000	-			0
					$ 45,803,890	**$ 45,776,090**	**$ 45,776,090**	**3.295**	**3.686**	**18**			**0**

Average Years:	**0.0**

CITY OF PINOLE
INVESTMENT REPORT JUNE 2026
SECTION 115 TRUST PORTFOLIO SUMMARY-PENSION

Investments	Market Value	Book Value	% of Market	Yield
Cash and Equivalents	230,168	230,168	2.01%	3.560
U.S. Government Issues	2,882,303	2,986,085	25.23%	3.970
Corporate Issues	1,936,753	1,952,276	16.95%	5.000
Foreign Issues	184,638	185,234	1.62%	5.230
Municipal Issues	-	-	0.00%	-
Mutual Funds-Equity	5,746,060	4,659,798	50.30%	1.460
Mutual Funds-Fixed Income	409,309	412,001	3.58%	6.380
Total Assets	**11,389,230**	**10,425,562**	**99.69%**	**2.980**
Accrued Income	35,227	35,227	0.31%	
Grand Total	**$ 11,424,457**	**$ 10,460,790**	**100%**	



CITY OF PINOLE
INVESTMENT REPORT JUNE 2026
SECTION 115 TRUST PORTFOLIO SUMMARY-OPEB

Investments	Market Value	Book Value	% of Market	Yield
Cash and Equivalents	36,259	36,259	1.92%	3.560
U.S. Government Issues	-	-	0.00%	-
Corporate Issues	-	-	0.00%	-
Foreign Issues	-	-	0.00%	-
Municipal Issues	-	-	0.00%	-
Mutual Funds-Equity	951,346	871,386	50.38%	1.460
Mutual Funds-Fixed Income	900,515	910,655	47.69%	4.530
Total Assets	**1,888,120**	**1,818,300**	**99.99%**	**2.970**
Accrued Income	140	140	0.01%	
Grand Total	**$ 1,888,260**	**$ 1,818,440**	**100%**