



Agenda Item

Orange City Council

Item #: 8.6.

2/10/2026

File #: 25-0701

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Garrett Smith, City Treasurer

1. SUBJECT

Investment Portfolio Update for October, November, and December of 2025.

2. SUMMARY

These reports provide a compilation of three-monthly Treasurer's Reports to the City Council for the second quarter of Fiscal Year 2025-26. Included in the reports are an economic update and detail of the City's portfolio holdings, monthly transactions, and consolidated information on all cash and investments.

3. RECOMMENDED ACTION

Receive and file.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

6. DISCUSSION AND BACKGROUND

The City's Fiscal Year 2025-26 Statement of Investment Policy was adopted by the Orange City Council on August 12, 2025, as Resolution 25-0474 and is in accordance with the California Government Code Sections 53600 et seq. Per the Investment Policy, three monthly investment reports are to be submitted to the City Council within 45 days following the end of the quarter.

As required by the City's present Investment Policy, the City Treasurer's report delineates all investments made by the City Treasurer for the City, its special funds, and the Successor Agency funds, by investment type and by broker.

The monthly Compliance Report certifying compliance of all investments with both the Government Code and the City's Investment Policy is included.

The Investment Portfolio Statement accurately reflects all investments held by the City and its agents as of the end of the month. The accompanying reports and investment strategies were reviewed by the Investment Committee on January 28, 2026. A summary of Treasurer's cash and investments is also included.

Summary of Cash and Investments:

The cash and investment report provides a summary of the cash and investment accounts held by the City as quarter ending December 31, 2025. As of December 31, 2025, the **book value** of the City's total investment portfolio was \$159,899,724 million, of which \$92.8 million, or 58%, was managed by Chandler Asset Management (Chandler), the City's investment manager. The remaining balance \$67.1 million of the portfolio was managed by City staff of which \$41.2 million was invested in the Local Agency Investment Fund (LAIF) and \$25.9 million held in the City's operating checking account.

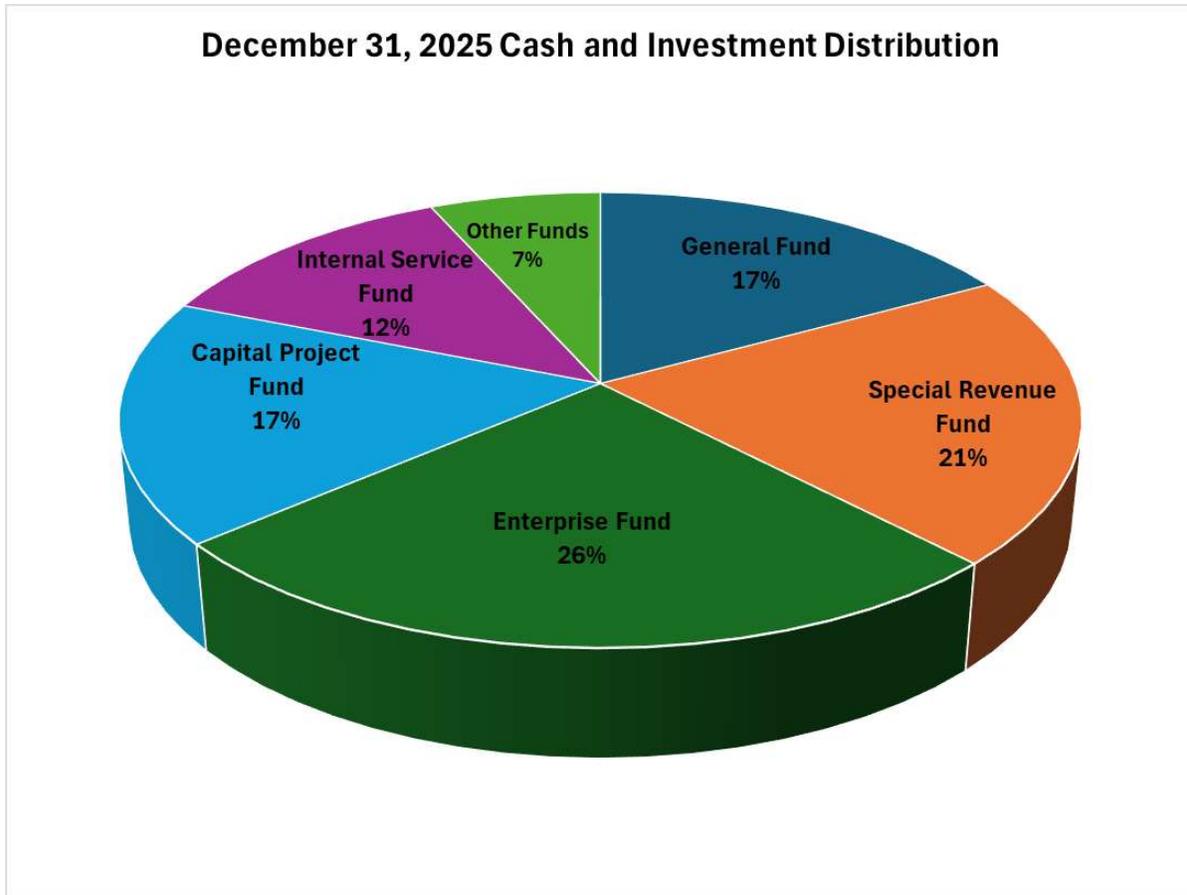
	Cash & Investments Balance¹
Chandler Investments:	\$92,776,109
LAIF, City:	\$35,538,464
LAIF, Successor Agency:	\$5,646,952
Wells Fargo Bank:	\$25,938,199
Balance at 12/31/2025	\$159,899,724

⁽¹⁾ Represents the bank balance. Includes operating cash and investments (valued at cost). Does not include deposits with administrator, impress cash, fiscal agent cash and investments, and deferred compensation.

Pursuant to California Government Code Section 53646(b)(3), the City certifies that the reported cash and investment balances are sufficient to meet anticipated expenditures for the next six months.

In summary, cash and investments as of December 31, 2025, totaled just under \$160 million. The City's balances by fund are presented on the table below.

Fund Categories	Amount	
General Fund	27,246,815	17%
Special Revenue Fund	33,134,960	21%
Enterprise Fund	41,540,847	26%
Capital Project Fund	27,686,554	17%
Internal Service Fund	19,579,700	12%
Other Funds	10,710,848	7%
	159,899,724	100.0%



The City invests a large portion of its portfolio in Federal Agency Securities and U.S. Treasury Notes due to safety and preservation of capital to prevent loss. The City also invests a portion of its funds in LAIF which offers same day liquidity. Additionally, the City invests in high quality corporate notes, asset backed securities, and supranational agency bonds to obtain higher yields and add diversity to the portfolio. As of December 31, 2025 the City investments consisted of the following and are compliant with the Investment Policy.

Investment Type	Book Value as of December 31, 2025	Percentage of Portfolio Investment by Type
Federal Agency Securities	15,575,046	58.02%
Corporate Notes	23,531,243	
Commercial Paper	1,988,851	
U.S. Treasury Notes	38,048,889	
Asset Backed Securities	10,799,042	
Supranational	2,601,719	
Money Market Fund	228,110	
Chandler Custodial Cash	3,211	
Local Agency Investment Fund City (LAIF 604)	35,538,464	25.76%
Local Agency Investment Fund Successor (LAIF 007)	5,646,952	
Checking Account/Custodial Cash (WF14)	604,429	16.22%
Checking Account/Custodial Cash (WF15)	25,280,495	
Checking Account/Custodial Cash (WF12)	53,275	
Total Investments	159,899,724	100%

Cash Transactions:

The City's total cash increased by about \$15.5 million from the last quarter's total to just under \$160 million largely from the annual property tax disbursement received in December. Total cash fluctuates over the course of the fiscal year due to cyclical events. All cash disbursements are within the FY 2025-26 budget and all check registers are presented to the City Council monthly.

Treasurers' Comments:

Q2 FY26 was right in line with the Chandler benchmark. We saw some shift in Treasury notes rising to 41% from 35% and Corporate notes dropping to 25% from 27%. Additionally, Agency dropped from 19% to 14%.

The investment portfolio as a whole, is in a healthy state and in full compliance with city and state regulations. I will continue to look for options on maximizing our returns.

In addition to the investment portfolio being in good standing, we also saw dividends on our Wells Fargo side. The interest rates do fluctuate on a monthly basis - the values are below for reference: (average of 3.76%)

October 2025 = \$37,369

November 2025 = \$40,068

December 2025 = \$60,779

TOTAL = \$138,216

7. ATTACHMENTS

- Chandler Monthly Investment Report October 2025
- Chandler Monthly Investment Report November 2025
- Chandler Monthly Investment Report December 2025
- Chandler Investment Report for the Period Ending December 31, 2025