



Agenda Item

Orange City Council

Item #: 10.5.

12/9/2025

File #: 25-0640

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 July, August, and September of 2025.

2. SUMMARY

These reports provide a compilation of three-monthly Treasurer's Reports to the City Council for the first quarter of Fiscal Year 2025-2026. 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

On August 12, 2025, the Orange City Council adopted Resolution No. 25-0474, approving the City's Fiscal Year 2025-26 Statement of Investment Policy (Investment Policy) in accordance with 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 October 22, 2025. 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 September 30, 2025. As of September 30, 2025, the **book value** of the City's total investment portfolio was \$144.4 million, of which \$106.5 million, or 73.8%, was managed by Chandler Asset Management (Chandler), the City's investment manager. The remaining balance \$37.9 million of the portfolio was managed by City staff of which \$25.8 million was invested in the Local Agency Investment Fund (LAIF) and \$12.1 million held in the City's operating checking account.

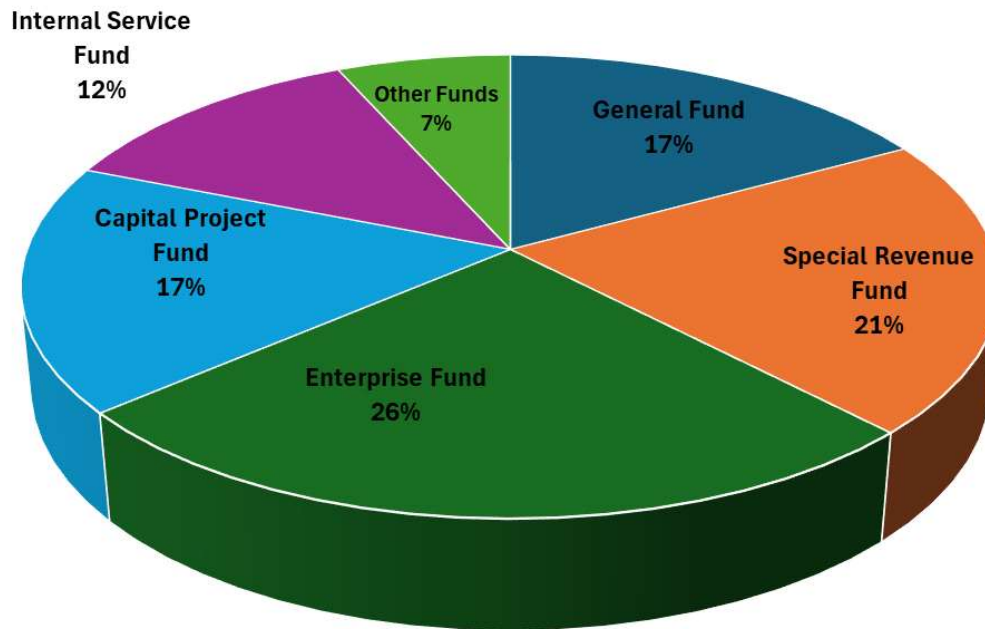
	Cash & Investments Balance⁽¹⁾
Chandler Investments:	\$106,498,016
LAIF, City:	\$20,218,598
LAIF, Successor Agency:	\$5,585,932
Wells Fargo Bank:	\$12,090,873
Balance at 3/31/2025	<u>\$144,393,418</u>

⁽¹⁾Represents the bank balance. Includes operating cash and investments (valued at cost). Does not include deposits with administrator, imprest 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 September 30, 2025, totaled \$144.4 million. The City's balances by fund are presented in the Cash and Investment by Fund attachment.

Fund Categories	Amount	
General Fund	24,604,550	17%
Special Revenue Fund	29,921,691	21%
Enterprise Fund	37,512,416	26%
Capital Project Fund	25,001,645	17%
Internal Service Fund	17,680,955	12%
Other Funds	9,672,162	7%
	144,393,418	100.0%

September 30, 2025 Cash and Investment Distribution

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 September 30, 2025, the City investments consisted of the following and are compliant with the Investment Policy:

Investment Type	Book Value as of September 30, 2025	Percentage of Portfolio Investment by Type
Federal Agency Securities	23,615,052	73.76%
Corporate Notes	29,017,024	
Commercial Paper	1,967,026	
U.S. Treasury Notes	38,045,163	
Asset Backed Securities	10,994,170	
Supranational	2,598,477	
Money Market Fund	259,978	
Chandler Custodial Cash	1,125	
Local Agency Investment Fund City (LAIF 604)	20,218,598	17.87%
Local Agency Investment Fund Successor (LAIF 007)	5,585,932	
Checking Account/Custodial Cash (WF14)	581,083	8.37%
Checking Account/Custodial Cash (WF15)	11,037,499	
Checking Account/Custodial Cash (WF12)	472,291	
Total Investments	144,393,418	100%

Significant Cash Transactions:

The City's total cash decreased by about \$23.1 million from the last quarter's total of \$167.5 million. Total cash fluctuates over the course of the fiscal year due to cyclical events. All cash disbursements are within the FY 2024-25 and FY 2025-26 budget and all check registers are presented to the City Council monthly.

Treasurers' Comments:

Q1 FY26 showed slight upside from a benchmark perspective with 1.27% return vs 1.14% benchmark. We did not have much movement between sectors this quarter as majority of that took place last quarter with a greater shift into the US Treasury.

The investment portfolio as a whole, is in a healthy state and in full compliance with City and state regulations.

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, ranging from 3.97% to 4.17%, the values are below for reference:

July 2025 = \$47,004

August 2025 = \$49,296

September 2025 = \$29,951

TOTAL = \$126,251

7. ATTACHMENTS

- Chandler Monthly Investment Report July 2025
- Chandler Monthly Investment Report August 2025
- Chandler Monthly Investment Report September 2025
- Chandler Investment Report for the Period Ending September 30, 2025