



Agenda Item

Orange City Council

Item #: 3.15.

5/12/2026

File #: 26-0267

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 January, February and March 2026

2. SUMMARY

These reports provide a compilation of three-monthly Treasurer's Reports to the City Council for the third 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

The City's Fiscal Year 2025-26 Statement of Investment Policy was adopted by the City Council of the City of Orange on August 12, 2025 via 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 current 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 April 22, 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 March 31, 2026. As of March 31, 2026, the **book value** of the City's total investment portfolio was \$162,899,264, of which \$109.3 million, or 67%, was managed by Chandler Asset Management (Chandler), the City's investment manager. The remaining balance of \$53.5 million was managed by City staff - of which \$41.7 million was invested in the Local Agency Investment Fund (LAIF) and \$11.8 million held in the City's operating checking account.

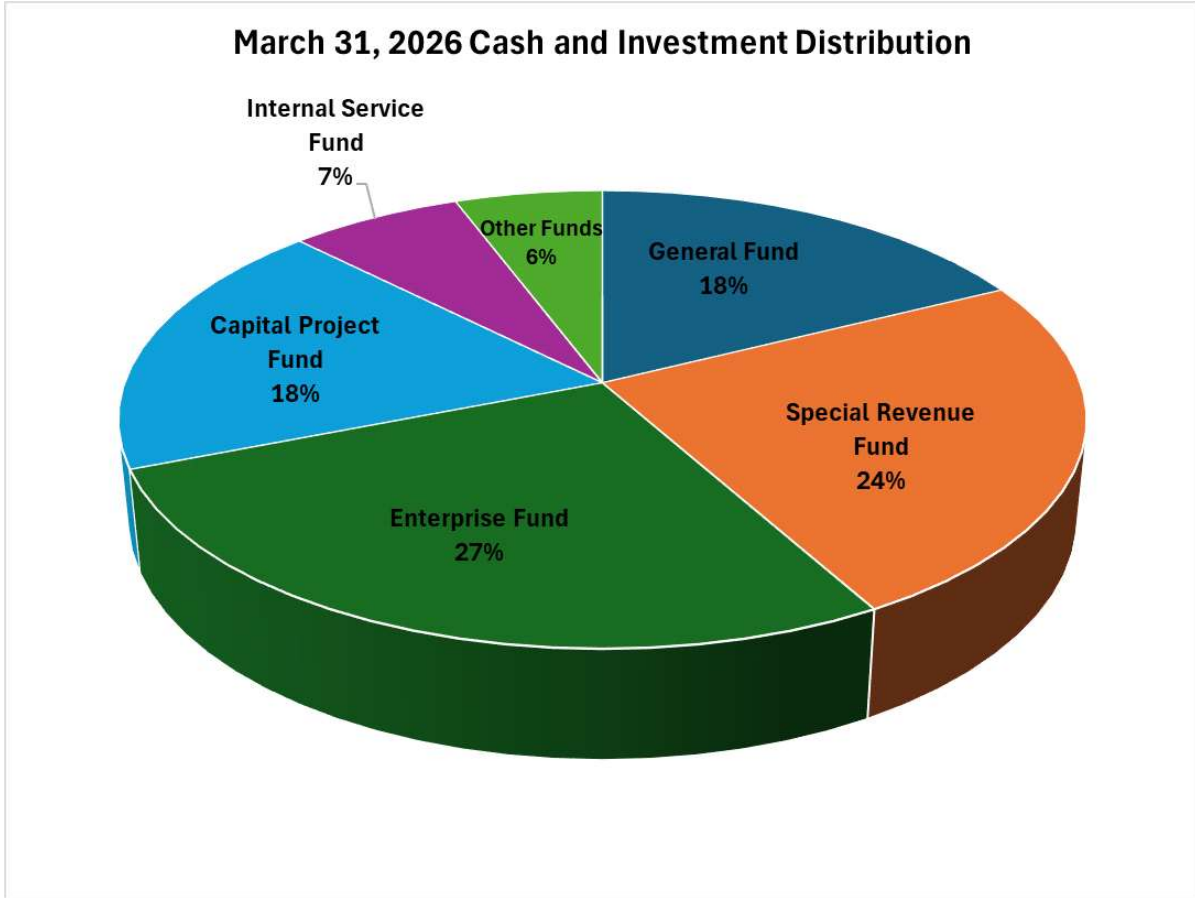
	Cash & Investments Balance¹
Chandler Investments:	\$109,303,884
LAIF, City:	\$35,795,189
LAIF, Successor Agency:	\$5,951,660
Wells Fargo Bank:	\$11,848,531
Balance at 12/31/2025	\$162,899,264

⁽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 March 31, 2026 totaled just under \$163 million. The City's balances by fund are presented in the table below.

Fund Categories	Amount	
General Fund	28,735,483	18%
Special Revenue Fund	39,467,063	24%
Enterprise Fund	44,255,376	27%
Capital Project Fund	30,099,599	18%
Internal Service Fund	10,973,733	7%
Other Funds	9,368,010	6%
	162,899,264	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 March 31, 2026 the City investments consisted of the following and are compliant with the Investment Policy.

Cash Transactions:

The City’s total cash and investment increased by almost \$3 million from the last quarter, bringing the total to just under \$163 million. 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.

Investment Type	Book Value as of March 31, 2026	Percentage of Portfolio Investment by Type
Federal Agency Securities	22,650,574	67.10%
Corporate Notes	29,330,565	
Commercial Paper	2,172,190	
U.S. Treasury Notes	40,372,414	
Asset Backed Securities	11,443,875	
Supranational	2,604,889	
Money Market Fund	278,773	
Chandler Custodial Cash	450,605	
Local Agency Investment Fund City (LAIF 604)	35,795,189	25.63%
Local Agency Investment Fund Successor (LAIF 007)	5,951,660	
Checking Account/Custodial Cash (WF14)	622,916	7.27%
Checking Account/Custodial Cash (WF15)	137,305	
Checking Account/Custodial Cash (WF12)	11,088,310	
Total Investments	162,899,264	100%

Treasurers' Comments:

Over the last quarter, we saw a minimal return (.27%) mainly driven by March performance (decline) - this was due to recent international events. The \$15 million dollar increase in portfolio size is driven from a transfer out of LAIF. Due to the yield curve returning to normalcy and LAIF dropping on a yield perspective (3.81%) - I made the decision to move this amount back to our Chandler portfolio.

Q3 FY26 was right in line with the Chandler benchmark. We saw some shift in Treasury notes decreasing from 41% from 37% and Corporate notes increasing from 25% to 27%. Additionally, Agency Commercial Mortgage-Backed Securities rose from 2% to 8%.

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. Lastly, we have new analysis looking at interest projections into June 2027. We can anticipate a lift of \$1.2 million dollars as we look to end the fiscal year.

7. ATTACHMENTS

- Attachment 1 Chandler Monthly Investment Report January 2026
- Attachment 2 Chandler Monthly Investment Report February 2026
- Attachment 3 Chandler Monthly Investment Report March 2026
- Attachment 4 Chandler Investment Report for the Period Ending March 31, 2026
- Attachment 5 Chandler Interest Earning Projections March 20, 2026 - June 30, 2027