



NEWPORT BEACH

City Council Staff Report

March 24, 2026
Agenda Item No. 3

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Jason Al-Imam, Administrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov

PREPARED BY: Jason Al-Imam, Administrative Services Director/Treasurer

TITLE: Resolution No. 2026-19: Finding Consistency with Stated Investment Objectives and Amending City Council Policy F-1 (*Statement of Investment Policy*) to Incorporate Changes in Government Code Section 53600, ET SEQ

ABSTRACT:

Certain changes to City Council Policy F-1, Statement of Investment Policy (Policy), are proposed based on a recent review of the Policy by the City of Newport Beach Finance Committee. The Finance Committee met on January 15, 2026, to review this report and recommended the City Council consider approving the proposed changes.

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Adopt Resolution No. 2026-19, *A Resolution of the City Council of the City of Newport Beach, California, Finding Consistency with Stated Investment Objectives and Amending City Council Policy F-1 (Statement of Investment Policy) to Incorporate Changes in Government Code Section 53600, et seq.*

DISCUSSION:

California Government Code Section 53600.5 mandates that the city treasurer follow three objectives when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds. The primary objective of the city treasurer is to safeguard the principal of the funds under his or her control. The secondary objective is to meet the liquidity needs of the City of Newport Beach. The third objective is to achieve a market rate of return on the funds under his or her control. Guided by the Policy and constrained by California Government Code, the City's core investment objectives are to provide safety of the invested principal by maintaining a well-diversified, high-quality portfolio of liquid assets while earning a market rate of return commensurate with the City's conservative risk profile.

City staff and the City's independent investment advisor, Chandler Asset Management, reviewed the proposed updates to the Investment Policy and recommended several changes to ensure compliance with recent amendments to the California Government Code and to reflect industry best practices.

Key proposed changes include the following:

- Updates to authorized investments resulting from Senate Bill 595, effective January 1, 2026, including:
 - An extension of the maximum maturity for prime commercial paper. An extension of a provision increasing the allowable portfolio allocation for eligible commercial paper for qualifying agencies.
 - Extension of a provision permitting investments in U.S. Government securities with zero or negative interest accruals are permitted during periods of negative market interest rates.
- Updates to the glossary of investment terms to reflect current industry standards and the addition of new definitions.
- Minor administrative and technical revisions throughout the Policy.

FISCAL IMPACT:

There is no fiscal impact related to this item. The City's primary objective is to invest in a manner aimed to safeguard principal and maintain liquidity whereas the secondary objective is to achieve a market rate of return. The proposed changes to the Investment Policy continue to provide for safety and liquidity while achieving a reasonable rate of return.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Council Policy F-1, *Statement of Investment Policy* (redlines)

Attachment B – Resolution No. 2026-19