



CITY OF NEWPORT BEACH FINANCE COMMITTEE STAFF REPORT

Agenda Item No. 6A
January 15, 2026

TO: HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

FROM: Administrative Services Department
Jason Al-Imam, Administrative Services Director/Treasurer
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SUBJECT: REVIEW OF INVESTMENT POLICY

SUMMARY:

In September 2025, the Finance Committee completed its annual review of Council Policy F-1, Statement of Investment Policy (the Policy), and identified pending legislation that could require future updates to the Policy. Since that time, California Senate Bill 595 has been signed into law and became effective January 1, 2026.

This staff report recommends updates to the Policy to ensure compliance with SB 595, reflect industry best practices, and incorporate minor administrative and technical revisions. The proposed changes were reviewed in coordination with the City's independent investment advisor and are intended to maintain consistency with the California Government Code while supporting the City's investment objectives.

RECOMMENDED ACTION:

Review and discuss this report and recommend that the City Council formally approve the proposed changes to Council Policy F-1 by adopting a resolution.

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 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. The third objective is to achieve a market rate of return on the funds under his or her control. Guided by the Investment Policy and constrained by the California Government Code, the City's core investment objectives are to provide safety of principal by

maintaining a well-diversified, high-quality portfolio of liquid assets while earning a market rate of return consistent with the conservative risk parameters prescribed by State law.

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.
- Conforming changes to replace references to the Finance Director with Administrative Services Director.

Redlined changes to the City's Investment Policy are attached.

A comparison of the City's Investment Policy with the restrictions imposed by the California Government Code is attached, demonstrating that the City's Investment Policy closely mirrors the Government Code.

Prepared and Submitted by:

/s/ Jason Al-Imam

Jason Al-Imam
Administrative Services Director/Treasurer

Attachment A – Redlined Changes to the City's Investment Policy

Attachment B – Comparison of Investment Restrictions Under the California Government Code and the City's Investment Policy