

# TRACY FINANCE COMMITTEE

## MEETING AGENDA

Monday, October 13, 2025, 5:00 P.M.



Tracy City Hall Chambers, 333 Civic Center Plaza, Tracy

Web Site: [www.cityoftracy.org](http://www.cityoftracy.org)

**THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON AND  
REMOTE PARTICIPATION PURSUANT TO GOVERNMENT CODE SECTION  
54953(e)**

**MEMBERS OF THE PUBLIC MAY PARTICIPATE REMOTELY IN THE MEETING VIA  
THE FOLLOWING METHOD:**

*As always, the public may view the Tracy Finance Committee meetings live on the City of Tracy's website at [CityofTracy.org](http://CityofTracy.org) or on Comcast Channel 26/AT&T U-verse Channel 99. To view from the City's website, open the "Government" menu at the top of the City's homepage and select "Finance Committee", then select "[View Finance Committee Meetings on YouTube](#)" under the "Boards and Commissions" section.*

*If you only wish to watch the meeting and do not wish to address the Finance Committee, the City requests that you stream the meeting through the City's website or watch on Channel 26.*

### **Remote Public Comment:**

*During the upcoming Finance Committee meeting public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:*

- *Comments via:*
  - **Online by visiting** <https://cityoftracyevents.webex.com> and using the following **Event Number: 2550 127 1161** and **Event Password: Finance**
  - ***If you would like to participate in the public comment anonymously***, you may submit your comment in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting [Anonymous@example.com](mailto:Anonymous@example.com) when prompted to provide an email address.
  - ***Join by phone by dialing +1-408-418-9388, enter 25501271161 #3462623# Press \*3 to raise the hand icon to speak on an item.***
- *Protocols for commenting via WebEx:*
  - *If you wish to comment on the "Consent Calendar", "Items from the Audience/Public Comment" or "Regular Agenda" portions of the agenda:*
    - *Listen for the Chairperson to open that portion of the agenda for discussion, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
    - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*

- *Comments for the “Consent Calendar” “Items from the Agenda/Public Comment” or “Regular Agenda” portions of the agenda will be accepted until the public comment for that item is closed.*

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy Finance Committee on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

Full copies of the agenda are available on the City’s website: [www.cityoftracy.org](http://www.cityoftracy.org)

## CALL TO ORDER

## ROLL CALL

### 1. CONSENT CALENDAR

- 1.A. Adoption of May 27, 2025 Special Meeting Minutes
- 1.B. Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council’s FY2025-26 Budget.

- 2. ITEMS FROM THE AUDIENCE - *In accordance with Council Meeting Protocols and Rules of Procedure, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Finance Committee members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that matter be placed on a future agenda or that staff provide additional information to the Finance Committee.*

### 3. REGULAR AGENDA

- 3.A. Staff recommends that the Tracy Finance Committee receive an informational report on the FY2024-25 quarter 3 and 4 Treasurer’s report.
- 3.B. Staff recommends that the Finance Committee recommend the City Council adopt a resolution approving amendments to the City of Tracy Investment Policy.
- 3.C. Staff recommends that the Tracy Finance Committee receive an informational report and provide feedback on the allocation of interest earned on City funds.

### 4. STAFF ITEMS

### 5. COMMITTEE ITEMS

### 6. ADJOURNMENT

**Posting Date: October 10, 2025**

The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled to participate in employment, programs and facilities. Persons requiring assistance or auxiliary aids in order to participate, should contact the City Manager's Office at (209) 831-6000 at least 24 hours prior to the meeting.

## TRACY FINANCE COMMITTEE

## SPECIAL MEETING MINUTES

**May 27, 2025, 5:00 p.m.**

City Hall, 333 Civic Center Plaza, Tracy

Web Site: [www.cityoftracy.org](http://www.cityoftracy.org)

CALL TO ORDER – Chairperson Evans called the meeting to order at 5:01 p.m.

ROLL CALL – Roll call found Chairperson Evans and Co-Chairperson Abercrombie present.

1. CONSENT CALENDAR – Motion was made by Co-Chairperson Abercrombie and seconded by Chairperson Evans to adopt the Consent Calendar. Roll call found all in favor; passed and so ordered.
  - 1.A. Adoption of April 29, 2025 Special Meeting Minutes. – **Minutes were approved.**
2. ITEMS FROM THE AUDIENCE – Maurice Francis shared that he had requested information regarding a 5-year Capital Improvement, thanked staff for the response and found information to be inadequate.

3. REGULAR AGENDA

- 3.A. Staff recommend that the Tracy Finance Committee recommend that the City Council adopt a resolution: 1) Rejecting a bid protest received by the City on April 22, 2025; 2) Awarding a construction contract to Saboo, Inc. of Brentwood, California, in the amount of \$10,914,200 for construction of the Lammers Road Zone B Pump Station – Tracy Recycled Water System Expansion Project, Capital Improvement Project (CIP) 74168; 3) Authorizing the City Manager to approve change orders up to the contingency amount of \$1,091,420; 4) Authorizing a Not-to-Exceed Construction Budget of \$12,155,620; 5) Authorizing an interfund loan to Tracy Infrastructure Master Plan (TIMP) Fund (F368) from the General Fund Reserves (F101) in the amount of \$800,000 for the term of four years with interest at the current Local Agency Investment Fund (LAIF) Rate; and 6) Authorizing the appropriation of \$2,247,804 from the Tracy Infrastructure Master Plan (TIMP) Fund (F368) to the Tracy Recycled Water System Expansion Capital Improvement Project CIP 74168.

Stephanie Reyna-Hiestand, Assistant Director of Utilities, provided the staff report.

Committee asked clarifying questions.

Maurice Francis asked if this item was part of the 2012 Master Plan, and asked if projects were inter-related, requested start and estimated end dates for both projects and requested information regarding the costs incurred.

Stephanie Reyna-Hiestand, Assistant Director of Utilities provided clarification to Mr. Francis's questions.



**ACTION:** Motion was made by Co-Chairperson Abercrombie and seconded by Chairperson Evans, that the Tracy Finance Committee recommend that the City Council adopt a resolution: 1) Rejecting a bid protest received by the City on April 22, 2025; 2) Awarding a construction contract to Saboo, Inc. of Brentwood, California, in the amount of \$10,914,200 for construction of the Lammers Road Zone B Pump Station – Tracy Recycled Water System Expansion Project, Capital Improvement Project (CIP) 74168; 3) Authorizing the City Manager to approve change orders up to the contingency amount of \$1,091,420; 4) Authorizing a Not-to-Exceed Construction Budget of \$12,155,620; 5) Authorizing an interfund loan to Tracy Infrastructure Master Plan (TIMP) Fund (F368) from the General Fund Reserves (F101) in the amount of \$800,000 for the term of four years with interest at the current Local Agency Investment Fund (LAIF) Rate; and 6) Authorizing the appropriation of \$2,247,804 from the Tracy Infrastructure Master Plan (TIMP) Fund (F368) to the Tracy Recycled Water System Expansion Capital Improvement Project CIP 74168 Master Fee Schedule. Roll call found all in favor; passed and so ordered.

- 3.B. Staff recommends that the Tracy Finance Committee recommend that the City Council adopt Development Impact Fee Nexus Studies for following functions: Parks (Neighborhood and Community); Public Facilities; Water and Recycled Water (Distribution, Supply, Treatment); Public Safety (Fire, Police, Communication Facilities); and Program Management (Master Plan) areas of the City.

Veronica Child, Management Analyst II for Economic and Community Development Services, provided the staff report.

Committee asked clarifying questions.

There was no public comment.

**ACTION:** Motion was made by Co-Chairperson Abercrombie and seconded by Chairperson Evans that the Tracy Finance Committee make a recommendation that the City Council adopt Development Impact Fee Nexus Studies for following functions: Parks (Neighborhood and Community); Public Facilities; Water and Recycled Water (Distribution, Supply, Treatment); Public Safety (Fire, Police, Communication Facilities); and Program Management (Master Plan) areas of the City. Roll call found all in favor; passed and so ordered.

- 3.C. Staff recommends that the Tracy Finance Committee, as a part of the Fiscal Year (FY) 2025-26 budget development process, provide direction the proposed FY2025-26 Annual Budget and proposed funding from the General Fund for Capital Improvement Projects for FY2025-26.

Felicia Galindo, Budget Officer, provided the staff report.

Committee asked clarifying questions.

Tim Silva requested clarification on the Sidewalk 50/50 Replacement Program.

Karin Schnaider, Assistant City Manager provided clarification.

**ACTION:** Motion was made by Co-Chairperson Abercrombie and seconded by Chairperson Evans that the Tracy Finance Committee recommended that the Fiscal Year (FY) 2025-26 budget development process be moved to the City Council. Roll call found all in favor; passed and so ordered.

- 3.D. Staff recommends that the Tracy Finance Committee recommend that the City Council consider amendments to the Fiscal Sustainability Strategies for inclusion in the FY2025-26 budget.

Sara Castro, Finance Director, provided the staff report.

Committee asked clarifying questions.

Randall Bradley, Fire Chief from South San Joaquin County Fire Authority encouraged the Finance Committee to continue to support public safety and make it a priority and shared the need for updated facilities and substations throughout the City.

Sekou Millington, Tracy Police Chief, also encouraged the Finance Committee to continue support and not take funding from public safety, shared that the Police Staff has outgrown the current facilities and fund an additional facility to better serve the community.

**ACTION:** Motion was made by Co-Chairperson Abercrombie and seconded by Chairperson Evans that the Tracy Finance Committee recommend draft strategies as presented with direction that the Committee is also recommending prioritization of roads and parks deferred maintenance, if there are savings or additional revenue sources, it will come back to the Committee first for that recommendation and then to the Council to appropriate those funds. Roll call found all in favor; passed and so ordered.

- 3.E. Staff recommends that the Tracy Finance Committee receive an informational report on the feasibility of establishing a public oversight Finance Commission.

Sara Castro, Finance Director, provided the staff report.

Committee asked clarifying questions.

Tim Silva expressed support for staff recommendation for the formation of a Public Oversight Finance Commission, recommended that the meetings be held monthly.

Maurice Francis echoed the sentiments of the previous speaker and would like a further understanding of how City finances work and how that relates to projects.

**ACTION:** Item had no Committee consensus.

4. STAFF ITEMS – None

5. COMMITTEE ITEMS – None

6. ADJOURNMENT – Time: 6:51 p.m.

**ACTION:** Motion was made by Co-Chairperson Abercrombie and seconded by Chairperson Evans to adjourn. Motion found all in favor; passed and so ordered.

The agenda was posted at City Hall on May 23, 2025. The above are action minutes. A recording of this meeting is available on the City of Tracy's website.

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Chairperson

ATTEST:

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Clerk

## Agenda Item 1.B

RECOMMENDATION

**Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council's FY2025-26 Budget.**

EXECUTIVE SUMMARY

Staff prepared this quarterly informational report regarding the status of the Fiscal Year 2025-26 City Council budget.

BACKGROUND AND LEGISLATIVE HISTORY

The chart below depicts the status of the Fiscal Year 2025-26 City Council budget, as of September 30, 2025. The City's fiscal year began July 1, 2025 and ends June 30, 2026. Reporting through September 30, 2025, the City Council's budget is within the available balance for each account line.

ORG	OBJ	PROJECT	ACCOUNT DESCRIPTION	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
12561101	5212		Office Services	4,000	470	0.00	3,530	11.70
12561101	5218		Subscription Software > 50,000	15,500	15,759	0.00	-259	101.70
12561101	5228	NYGARD	Travel, Training & Membership	20,000	1,072	0.00	18,928	5.40
12561101	5228	ABERCROMBIE	Travel, Training & Membership	20,000	0	0.00	20,000	0.00
12561101	5228	EVANS	Travel, Training & Membership	20,000	0	0.00	20,000	0.00
12561101	5228	BEDOLLA	Travel, Training & Membership	20,000	0	0.00	20,000	0.00
12561101	5228	ARRIOLA	Travel, Training & Membership	30,000	782	0.00	29,218	2.60
12561101	5239		Professional Services	16,000	0	0.00	16,000	0.00
12561101	5311		Supplies	3,200	0	0.00	3,200	0.00
12561101	5335		Food	4,600	1,013	0.00	3,587	22.00
			<b>Grand Total</b>	<b>153,300</b>	<b>19,096</b>	<b>0</b>	<b>134,204</b>	<b>14.34</b>

The Office Services line item is for expenditures related to printing and mailing.

Travel expenditures are allocated by Council Member. There are pending travel charges for Council Members related to recent and upcoming conferences. The expenditures related to the travel are pending, as they were paid with a City Cal-card, resulting in a 30-day period of time before the expense is payable and reported in the general ledger.

Professional services are contracted services related to the implementation of the City Council's Strategic Priorities.

The Supplies line-item is utilized for supplies utilized by the City Council such as office supplies, nameplates, name tags, plaques, keys to the City and City branded clothing.

With September being the 3rd month of the fiscal year, the budget is expected to be approximately 25% expended. The City Council's overall budget is 14% expended for the fiscal year.

The budget report is inclusive of expenditures occurring through September 30, 2025; however, it is important to note that some expenses do have a delay. If a Cal Card was used for a purchase or has pending charges for recent travel, these expenditures may not be captured in the budget report.

The next quarterly report to the Finance Committee will be January 2026.

#### FISCAL IMPACT

The City Council's budget is funded through the City's General fund. There is no fiscal impact associated with this informational item.

#### STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

#### ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council's FY2025-26 budget.

Prepared by: Sara Castro, Director of Finance

Reviewed by: L. David Nefouse, City Attorney

Approved by: Midori Lichtwardt, City Manager

Agenda Item 3.A.

RECOMMENDATION

**Staff recommends that the Tracy Finance Committee receive an informational report on the FY2024-25 quarter 3 and 4 Treasurer's report.**

EXECUTIVE SUMMARY

Staff has prepared this informational report regarding the fiscal year (FY) 2024-25 quarter 3 and 4 Treasurers report (January, February, March, April, May and June).

BACKGROUND AND LEGISLATIVE HISTORY

The City of Tracy's investments are managed by the elected City Treasurer, in accordance with the City's adopted investment policy. The City's investment policy contains established procedures to maintain internal controls to ensure that the City's assets are protected from loss, theft of misuse.

The objectives of the City's investment program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market rate of return.

On a monthly basis, the City's elected Treasurer prepares a report summarizing the City's investments. City staff review the monthly reports for compliance with the City's adopted investment policy.

On a quarterly basis, the City Treasurer prepares a report to the Tracy Finance Committee (Committee), to facilitate review of the portfolio of investments, identify any investments that do not comply with the investment policy and establish protocols for reporting major and critical incidences of noncompliance to the City Council.

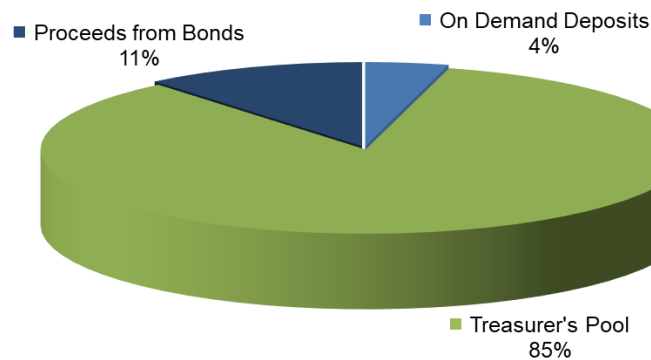
ANALYSIS

This report to the Committee reviews Citywide investments for the period of January – June 2025. Attachment A to the staff report provides the investment reports by month for quarter 3 and 4. For the purpose of this informational report, the data in the staff report will be shown for the month ended, June 2025.

The chart below summarizes the Treasurer's investments. Overall, the City's grand total of market value of all investments including on demand deposits, treasurer's investments, and proceeds from bond issuances is \$681.4 million. 85% of all investments are in the Treasurer's pool, 11% from the proceeds of bond issuances, and 4% from on demand deposits.

CITY OF TRACY					
CITY TREASURER'S REPORT					
SUMMARY OF ALL INVESTMENTS					
For the Month ending June 30, 2025					
Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
<b>Pooled Investments:</b>					
1. ON DEMAND DEPOSITS			3.813%	28,209,174.63	28,209,174.63
2. TREASURER'S INVESTMENTS				575,914,624.90	578,111,784.52
Total - Pooled Investments	696	1.91	4.341%	604,123,799.53	606,320,959.15
3. PROCEEDS FROM BOND ISSUES				75,084,620.42	75,084,620.42
Total - Non-Pooled Investments				75,084,620.42	75,084,620.42
<b>GRAND TOTAL ALL INVESTMENTS</b>				<b>679,208,419.95</b>	<b>681,405,579.57</b>

**City of Tracy - Investment Summary  
June 30, 2025 \$681,405,579.57 Market Value**



The market value of the Treasurer's pool of investments totals \$606.3 million. This is an increase of \$59.9 million from December 2024. The average interest rate of the portfolio was 4.341%, with an average of 696 days, or 1.91 years to maturity.

TREASURER'S INVESTMENTS						
These investments comply with the City's adopted investment policy.						
						June 30, 2025
Custodian/Description		Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Money Market			1	3.81%	30,261,194.92	30,261,194.92
Funds Pending Redemption					(2,220,700.29)	(2,220,700.29)
WELLS FARGO, Checking					168,680.00	168,680.00
CHANDLER ASSET MNGT (331481)	*	3.98%	781	3.63%	160,579,273.33	161,854,273.66
J.P. Morgan Securities (331483)	*	4.49%	843	5.32%	226,173,775.48	226,297,000.16
INVESCO (331477)	*	3.72%	967	3.49%	109,496,473.69	110,295,408.30
LOCAL AGENCY INVESTMENT FUND			1	4.26%	75,000,000.00	75,000,000.00
CAMP			1	4.40%	4,665,102.40	4,665,102.40
*Priced by US BANK						
TOTAL INVESTMENTS	THIS MONTH				604,123,799.53	606,320,959.15
GASB 31 494,971,698.84	LAST MONTH				590,197,760.42	590,997,156.39
	INCREASE(DECREASE) FROM LAST MONTH				13,926,039.11	15,323,802.76
	AVERAGE INTEREST RATE				4.341%	
	AVERAGE DAYS TO MATURITY				696	

The total bond proceeds on hand are \$75.0 million, which is a decrease from the prior month in the amount of \$7.5 million. Bond proceeds on hand fluctuate as funds are drawn down to reimburse expenses incurred in relation to the project they are associated with, or debt service payments are made. Bond proceeds are held by a trustee and earn interest.

The net pooled investment interest earnings for fiscal year 2024-25 are \$18.6 million.



		<b>Total</b>	<b>Total</b>
<b>INTEREST EARNINGS</b>		<b><u>Current Month</u></b>	<b><u>FY 24-25</u></b>
Pooled Investments Interest Earnings Net		<b>2,062,156.82</b>	<b>18,656,192.58</b>
Pooled Investments Gain (loss) on Sale		<b>8,725.10</b>	<b>464,214.05</b>
Amortization/Accretion		<b>-</b>	<b>(167,466.06)</b>

The next quarterly treasurer's report to the Finance Committee will be January 2026.

### FISCAL IMPACT

While this report is informational, investment earnings contribute to the funds available for City operations.

### STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

### ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report on the FY2024-25 quarter 3 and 4 Treasurer's report.

Prepared by: Sara Castro, Director of Finance  
Nancy Verdugo, Accountant

Reviewed by: L. David Nefouse, City Attorney

Approved by: Midori Lichtwardt, City Manager

Attachment A: FY 2024-25 Q3 & Q4 Investment Reports

**CITY OF TRACY**  
**CITY TREASURER'S REPORT**  
**SUMMARY OF ALL INVESTMENTS**  
For the Month ending January 31, 2025

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			0.290%	18,695,946.38	18,695,946.38
2. TREASURER'S INVESTMENTS				547,599,534.15	545,945,732.75
Total - Pooled Investments	674	1.85	4.200%	566,295,480.53	564,641,679.13
3. PROCEEDS FROM BOND ISSUES				86,548,092.92	86,548,092.92
Total - Non-Pooled Investments				86,548,092.92	86,548,092.92
GRAND TOTAL ALL INVESTMENTS				652,843,573.45	651,189,772.05

I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.  
The City has the ability to meet projected expenditures for the next six months.

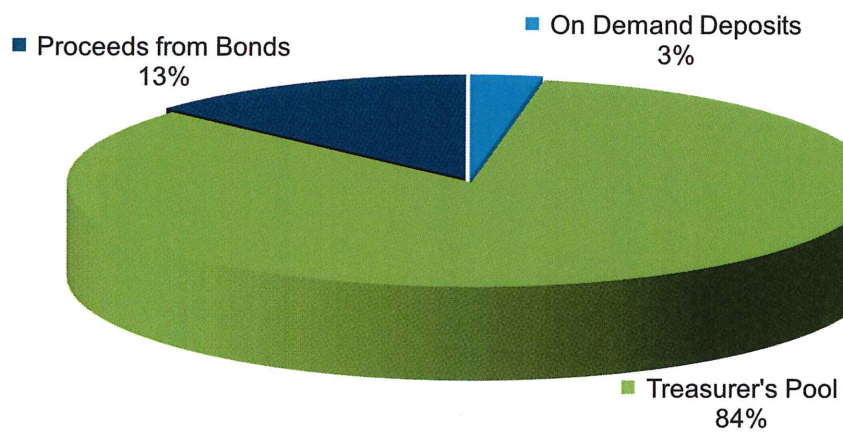
  
**Raymond McCray**  
City Treasurer

  
Date

Reviewed By:

Date: 3/5/2025

**City of Tracy - Investment Summary**  
**January 31, 2025 \$651,189,772.05 Market Value**



TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

January 31, 2025

Custodian/Description		Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep			1	0.29%	18,676,191.38	18,676,191.38
WELLS FARGO, Checking					19,755.00	19,755.00
CHANDLER ASSET MNGT (33148)	*	3.81%	788	3.47%	158,211,743.17	157,703,101.55
J.P. Morgan Securities (331483)	*	4.59%	752	5.51%	202,553,103.75	202,208,017.95
INVESCO (331477)	*	3.64%	960	3.37%	107,950,495.63	107,150,421.65
LOCAL AGENCY INVESTMENT FUND			1	4.34%	74,303,487.87	74,303,487.87
CAMP			1	4.55%	4,580,703.73	4,580,703.73

\*Priced by US BANK

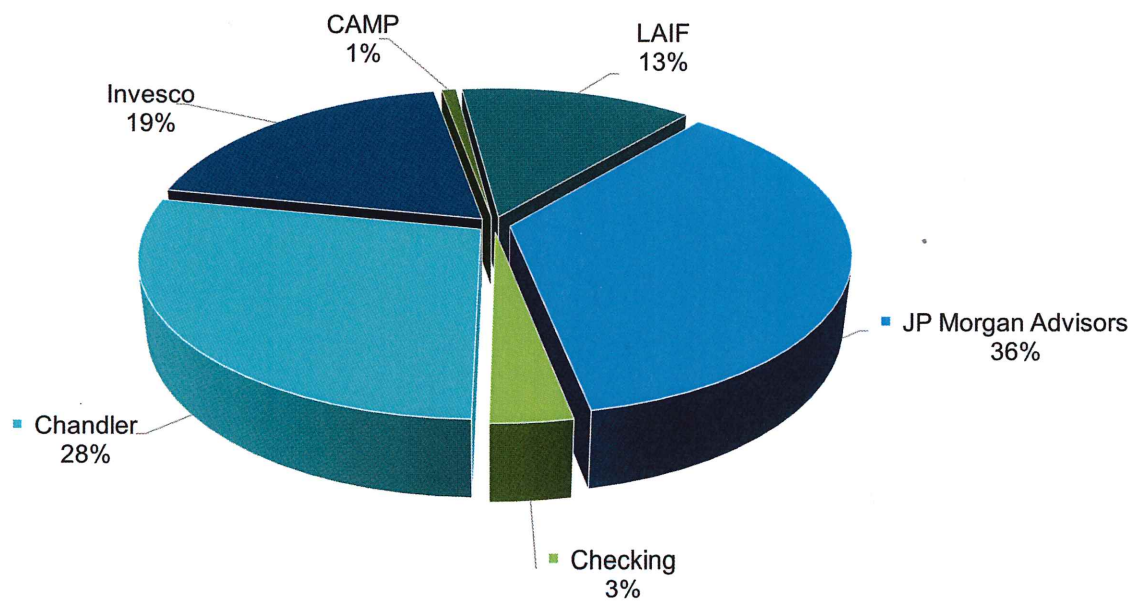
Short Term Treasury                      4.22%              Blended              4.87%

Five Largest Corp.Issuer Exposures

Bank of America Corp	2.20%
The Goldman Sachs Group Inc	2.08%
Morgan Stanley	1.98%
US Bancorp	1.76%
JPMorgan Chase & Co	1.65%

TOTAL INVESTMENTS	THIS MONTH	566,295,480.53	564,641,679.13
GASB 31 494,971,698.84	LAST MONTH	548,529,633.04	546,407,949.88
	INCREASE(DECREASE) FROM LAST MONTH	17,765,847.49	18,233,729.25
	AVERAGE INTEREST RATE	4.200%	
	AVERAGE DAYS TO MATURITY	674	

**City of Tracy's Investments**  
**January 31, 2025 \$546,641,679.13 Market Value**



## PROCEEDS FROM BOND ISSUES

Funds in this category are held by a Trustee or other investment  
which is governed by the bond documents.

January 31, 2025

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 254,496.89	\$ 130,321.25	\$ 124,175.64
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 257,219.39	\$ 256,255.17	\$ 964.22
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 121,850.15	\$ 88,653.38	\$ 33,196.77
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 726,076.19	\$ 723,861.80	\$ 2,214.39
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 2,739.29	\$ 2,547.09	\$ 192.20
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 3,871,537.82	\$ 1,157,064.54	\$ 2,714,473.28
Tracy CFD 98-1 2011A	2005-A	\$ 311,361.77	\$ 284,844.10	\$ 26,517.67
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 461,167.23	\$ 459,438.50	\$ 1,728.73
TOPJPA 2005 Series C	2000-01 Presidio	\$ 804,846.52	\$ 180,483.92	\$ 624,362.60
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 1.06	\$ 1.06	\$ -
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,841,188.06	\$ 1,216,345.59	\$ 624,842.47
Tracy LOB 2011-1		\$ 61,429.16	\$ 61,198.87	\$ 230.29
Tracy CFD 2011A		\$ 1,116,961.32	\$ 1,112,774.24	\$ 4,187.08
Successor Agency-CDA 2016		\$ 468,194.86	\$ 4,400.65	\$ 463,794.21
Tracy Hills CFD 2016		\$ 19,978,217.89	\$ 16,718,250.58	\$ 3,259,967.31
CFD 2006-01 Phase II		\$ 1,263,323.42	\$ 904,575.66	\$ 358,747.76
ECFD 2016-2		\$ 3,380,007.39	\$ 2,552,447.20	\$ 827,560.19
CFD 2021-1 Hillview		\$ 1,185,543.97	\$ 1,018,205.30	\$ 167,338.67
2022 Lease Rev Bonds		\$ 1,522,625.81	\$ 1,522,619.34	\$ 6.47
2024 Lease Rev Bonds		\$ 48,919,304.73	\$ 48,785,636.54	\$ 133,668.19
Total		\$ 86,548,092.92	\$ 77,179,924.78	\$ 9,368,168.14

\*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 86,548,092.92
	LAST MONTH	77,179,924.78
Increase(Decrease) From Last Month		\$ 9,368,168.14



## STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

January 31, 2025

### TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 12/24	709	1.94	4.266%	548,529,633.04	546,407,949.88	1,241,178.63
Current Month 1/25	674	1.85	4.200%	566,295,480.53	564,641,679.13	1,653,801.40
FISCAL YEAR AVERAGE	668	1.83	4.109%	544,583,581.25	\$543,691,401.61	\$892,179.64

### HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
501,008,548.26	505,179,994.97	January, 2024	551,490,695.59	555,662,142.30
512,194,458.27	517,428,777.20	February, 2024	552,448,155.16	557,682,474.09
506,300,450.36	511,063,549.35	March, 2024	543,192,543.23	547,955,642.22
505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82
564,641,679.13	566,295,480.53	January, 2025	651,189,772.05	652,843,573.45

	Total <u>Current Month</u>	Total <u>FY 24-25</u>	Total <u>FY 23-24</u>	Total <u>FY 22-23</u>	Total <u>FY 21-22</u>
<b>INTEREST EARNINGS</b>					
Pooled Investments					
Interest Earnings Net	<b>2,584,451.67</b>	<b>11,030,912.96</b>	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	<b>174,372.60</b>	<b>455,426.31</b>	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	<b>(59.15)</b>	<b>(198,760.58)</b>	(308,285.04)	(713,396.37)	

# TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending January 31, 2025

## Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	28.3%	AA-
Treasury	23.8%	Treasury
Agency	22.1%	AA+
LAIF	13.2%	NR
Money Market Funds	4.9%	TSY
CMO	2.6%	
ABS	2.6%	
Supranationals	1.4%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

## Duration/Maturity Distribution

### % of Portfolio


<u>Years</u>	<u>Maturity</u>
0 - .25	20.7%
.25 - .50	3.8%
.5 - 1	3.9%
1 year - 2 year	24.3%
2 year - 3 year	29.2%
3 year - 4 year	13.3%
4 year - 5 year	4.9%
5 year +	0.0%



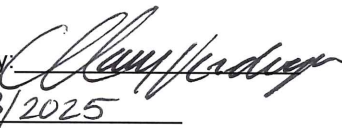
**CITY OF TRACY**  
**CITY TREASURER'S REPORT**  
**SUMMARY OF ALL INVESTMENTS**  
For the Month ending February 28, 2025

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			0.290%	40,870,072.73	40,870,072.73
2. TREASURER'S INVESTMENTS				549,205,453.35	549,488,656.36
Total - Pooled Investments	652	1.79	4.047%	590,075,526.08	590,358,729.09
3. PROCEEDS FROM BOND ISSUES				83,736,769.76	83,736,769.76
Total - Non-Pooled Investments				83,736,769.76	83,736,769.76
GRAND TOTAL ALL INVESTMENTS				673,812,295.84	674,095,498.85

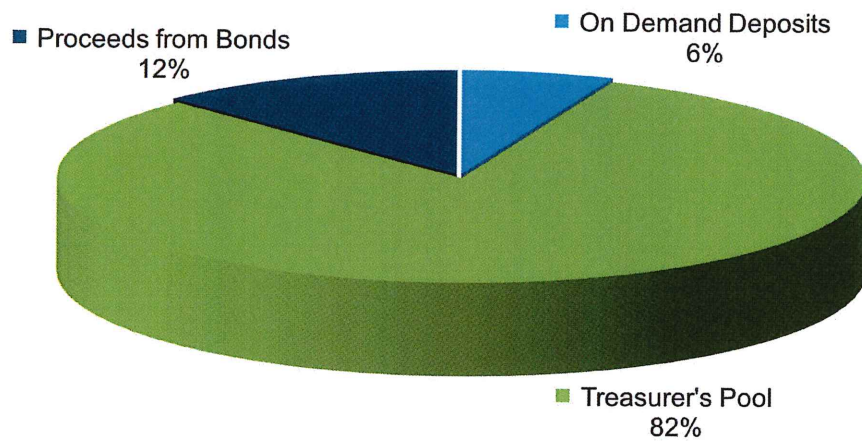
I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.  
The City has the ability to meet projected expenditures for the next six months.

  
**Raymond McCray**  
City Treasurer

4-3-25  
Date

Reviewed By:   
Date: 4/3/2025

**City of Tracy - Investment Summary**  
**February 28, 2025 \$674,095,498.85 Market Value**



## TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

February 28, 2025

Custodian/Description		Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep			1	0.29%	40,278,272.73	40,278,272.73
WELLS FARGO, Checking					591,800.00	591,800.00
CHANDLER ASSET MNGT (33148)	*	3.89%	803	3.51%	158,524,533.79	158,954,249.96
J.P. Morgan Securities (331483)	*	4.56%	770	5.47%	203,421,132.43	203,343,364.97
INVESCO (331477)	*	3.64%	931	3.36%	108,359,739.50	108,290,993.80
LOCAL AGENCY INVESTMENT FUND			1	4.34%	74,303,487.87	74,303,487.87
CAMP			1	4.51%	4,596,559.76	4,596,559.76

\*Priced by US BANK

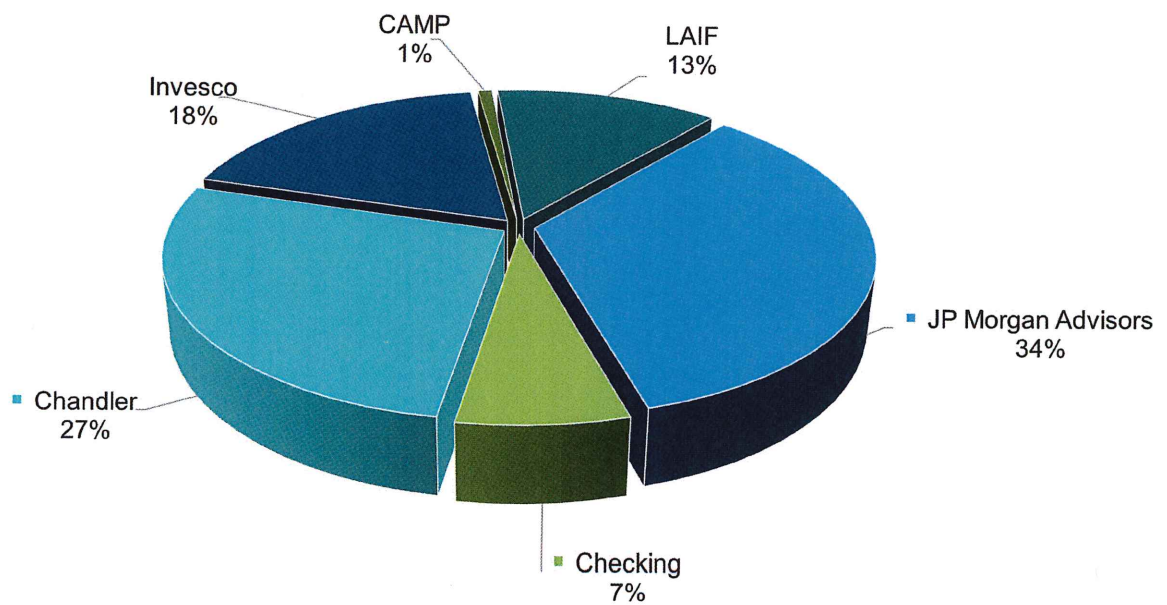
Short Term Treasury      4.04%      Blended      4.76%

Five Largest Corp.Issuer Exposures

Bank of America Corp	2.11%
The Goldman Sachs Group Inc	1.99%
Morgan Stanley	1.89%
US Bancorp	1.69%
JPMorgan Chase & Co	1.58%

TOTAL INVESTMENTS	THIS MONTH	590,075,526.08	590,358,729.09
GASB 31 494,971,698.84	LAST MONTH	566,295,480.53	564,641,679.13
	INCREASE(DECREASE) FROM LAST MONTH	23,780,045.55	25,717,049.96
	AVERAGE INTEREST RATE	4.047%	
	AVERAGE DAYS TO MATURITY	652	

**City of Tracy's Investments**  
**February 28, 2025 \$590,358,729.09 Market Value**



## PROCEEDS FROM BOND ISSUES

Funds in this category are held by a Trustee or other investment  
which is governed by the bond documents.

February 28, 2025

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 255,200.67	\$ 254,496.89	\$ 703.78
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 258,149.52	\$ 257,219.39	\$ 930.13
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 122,233.26	\$ 121,850.15	\$ 383.11
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 728,591.11	\$ 726,076.19	\$ 2,514.92
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 2,749.09	\$ 2,739.29	\$ 9.80
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 3,571,644.44	\$ 3,871,537.82	\$ (299,893.38)
Tracy CFD 98-1 2011A	2005-A	\$ 308,193.17	\$ 311,361.77	\$ (3,168.60)
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 462,834.96	\$ 461,167.23	\$ 1,667.73
TOPJPA 2005 Series C	2000-01 Presidio	\$ 806,665.29	\$ 804,846.52	\$ 1,818.77
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 1.06	\$ 1.06	\$ -
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,846,760.58	\$ 1,841,188.06	\$ 5,572.52
Tracy LOB 2011-1		\$ 61,651.29	\$ 61,429.16	\$ 222.13
Tracy CFD 2011A		\$ 1,121,000.54	\$ 1,116,961.32	\$ 4,039.22
Successor Agency-CDA 2016		\$ 1,298.42	\$ 468,194.86	\$ (466,896.44)
Tracy Hills CFD 2016		\$ 20,012,374.12	\$ 19,978,217.89	\$ 34,156.23
CFD 2006-01 Phase II		\$ 1,263,328.05	\$ 1,263,323.42	\$ 4.63
ECFD 2o16-2		\$ 3,380,020.04	\$ 3,380,007.39	\$ 12.65
CFD 2021-1 Hillview		\$ 1,187,249.20	\$ 1,185,543.97	\$ 1,705.23
2022 Lease Rev Bonds		\$ 1,522,632.28	\$ 1,522,625.81	\$ 6.47
2024 Lease Rev Bonds		\$ 46,824,192.67	\$ 48,919,304.73	\$ (2,095,112.06)
Total		\$ 83,736,769.76	86,548,092.92	\$ (2,811,323.16)

\*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 83,736,769.76
	LAST MONTH	86,548,092.92
Increase(Decrease) From Last Month		\$ (2,811,323.16)



## STATISTICAL SUMMARY

The following is selected statistical information and trends concerning the Investment Portfolio.

GASB 31 Adjusted

February 28, 2025

### TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 1/25	674	1.85	4.200%	566,295,480.53	564,641,679.13	1,241,178.63
Current Month 2/25	652	1.79	4.047%	590,075,526.08	590,358,729.09	(283,203.01)
FISCAL YEAR AVERAGE	666	1.82	4.101%	550,270,074.36	\$549,524,817.54	\$745,256.81

### HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
512,194,458.27	517,428,777.20	February, 2024	552,448,155.16	557,682,474.09
506,300,450.36	511,063,549.35	March, 2024	543,192,543.23	547,955,642.22
505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82
564,641,679.13	566,295,480.53	January, 2025	651,189,772.05	652,843,573.45
590,358,729.09	590,075,526.08	February, 2025	674,095,498.85	673,812,295.84

	Total <u>Current Month</u>	Total <u>FY 24-25</u>	Total <u>FY 23-24</u>	Total <u>FY 22-23</u>	Total <u>FY 21-22</u>
<u>INTEREST EARNINGS</u>					
Pooled Investments					
Interest Earnings Net	1,723,507.01	12,754,419.97	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	(111,678.03)	343,748.28	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	(3,098.25)	(201,858.83)	(308,285.04)	(713,396.37)	

## TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending February 28, 2025

### Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	27.1%	AA-
Treasury	23.6%	Treasury
Agency	21.2%	AA+
LAIF	12.6%	NR
Money Market Funds	8.2%	TSY
CMO	2.5%	
ABS	2.4%	
Supranationals	1.4%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

### Duration/Maturity Distribution

#### % of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	25.3%
.25 - .50	2.0%
.5 - 1	3.4%
1 year - 2 year	23.3%
2 year - 3 year	27.0%
3 year - 4 year	14.2%
4 year - 5 year	4.7%
5 year +	0.0%

**CITY OF TRACY**  
**CITY TREASURER'S REPORT**  
**SUMMARY OF ALL INVESTMENTS**  
For the Month ending March 31, 2025

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			0.290%	18,808,583.36	18,808,583.36
2. TREASURER'S INVESTMENTS				560,423,588.90	561,178,140.97
Total - Pooled Investments	662	1.81	4.209%	579,232,172.26	579,986,724.33
3. PROCEEDS FROM BOND ISSUES				80,327,125.01	80,327,125.01
Total - Non-Pooled Investments				80,327,125.01	80,327,125.01
GRAND TOTAL ALL INVESTMENTS				659,559,297.27	660,313,849.34

I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.  
The City has the ability to meet projected expenditures for the next six months.

  
**Sara Castro**

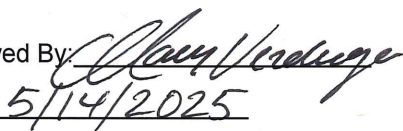
Director of Finance



Date

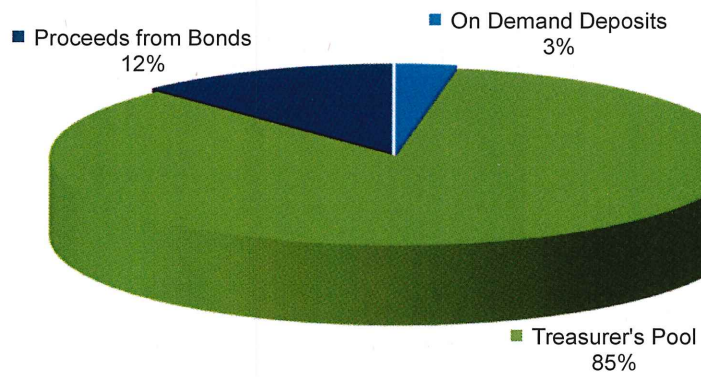
Reviewed By:

Date:

  
5/14/2025



**City of Tracy - Investment Summary**  
**March 31, 2025 \$660,313,849.34 Market Value**



## TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

March 31, 2025

Custodian/Description		Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep			1	0.29%	18,702,170.36	18,702,170.36
WELLS FARGO, Checking					106,413.00	106,413.00
CHANDLER ASSET MNGT (331481)	*	3.97%	796	3.60%	158,927,800.65	159,614,137.15
J.P. Morgan Securities (331483)	*	4.53%	730	5.40%	214,064,201.82	213,991,827.54
INVESCO (331477)	*	3.63%	931	3.37%	108,514,094.10	108,654,683.95
LOCAL AGENCY INVESTMENT FUND			1	4.29%	74,303,487.87	74,303,487.87
CAMP			1	4.47%	4,614,004.46	4,614,004.46
*Priced by US BANK						

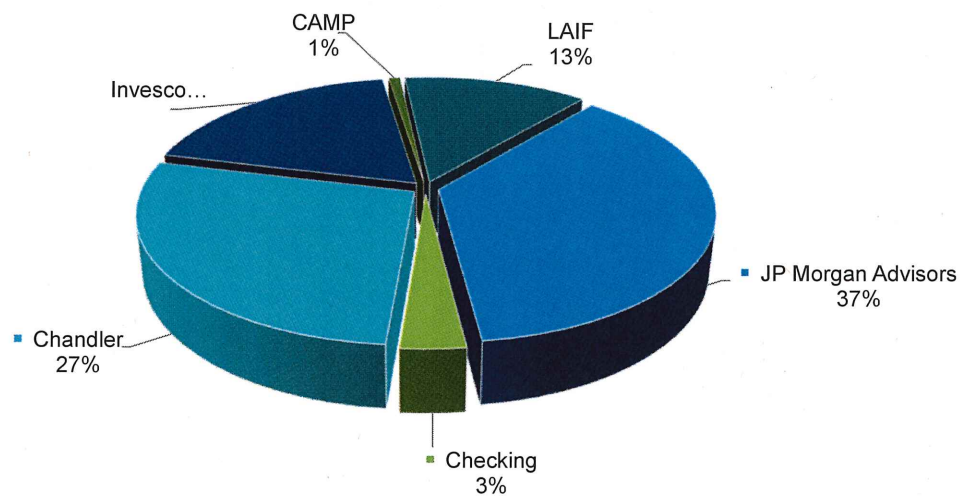
Short Term Treasury      3.98%      Blended      4.42%

### Five Largest Corp.Issuer Exposures

Bank of America Corp	2.14%
The Goldman Sachs Group Inc	2.03%
Morgan Stanley	1.92%
JPMorgan Chase & Co	1.61%
Citigroup Inc	1.55%

TOTAL INVESTMENTS	THIS MONTH	579,232,172.26	579,986,724.33
GASB 31 494,971,698.84	LAST MONTH	590,075,526.08	590,358,729.09
	INCREASE(DECREASE) FROM LAST MONTH	(10,843,353.82)	(10,372,004.76)
	AVERAGE INTEREST RATE	4.209%	
	AVERAGE DAYS TO MATURITY	662	

**City of Tracy's Investments**  
**March 31, 2025 \$579,986,724.33 Market Value**



# **PROCEEDS FROM BOND ISSUES**

Funds in this category are held by a Trustee or other investment  
which is governed by the bond documents.

March 31, 2025

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 207,107.31	\$ 255,200.67	\$ (48,093.36)
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 258,988.13	\$ 258,149.52	\$ 838.61
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 116,067.89	\$ 122,233.26	\$ (6,165.37)
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 730,958.20	\$ 728,591.11	\$ 2,367.09
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 2,758.04	\$ 2,749.09	\$ 8.95
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 3,583,321.39	\$ 3,571,644.44	\$ 11,676.95
Tracy CFD 98-1 2011A	2005-A	\$ 309,195.37	\$ 308,193.17	\$ 1,002.20
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 464,338.55	\$ 462,834.96	\$ 1,503.59
TOPJPA 2005 Series C	2000-01 Presidio	\$ 650,636.38	\$ 806,665.29	\$ (156,028.91)
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 1.06	\$ 1.06	\$ -
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,785,532.45	\$ 1,846,760.58	\$ (61,228.13)
Tracy LOB 2011-1		\$ 61,851.53	\$ 61,651.29	\$ 200.24
Tracy CFD 2011A		\$ 1,124,642.24	\$ 1,121,000.54	\$ 3,641.70
Successor Agency-CDA 2016		\$ 1,411.55	\$ 1,298.42	\$ 113.13
Tracy Hills CFD 2016		\$ 17,589,339.82	\$ 20,012,374.12	\$ (2,423,034.30)
CFD 2006-01 Phase II		\$ 1,094,382.90	\$ 1,263,328.05	\$ (168,945.15)
ECFD 2o16-2		\$ 2,758,833.02	\$ 3,380,020.04	\$ (621,187.02)
CFD 2021-1 Hillview		\$ 1,018,203.76	\$ 1,187,249.20	\$ (169,045.44)
2022 Lease Rev Bonds		\$ 1,522,638.12	\$ 1,522,632.28	\$ 5.84
2024 Lease Rev Bonds		\$ 47,046,917.30	\$ 46,824,192.67	\$ 222,724.63
Total		\$ 80,327,125.01	\$ 83,736,769.76	\$ (3,409,644.75)

\*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 80,327,125.01
	LAST MONTH	83,736,769.76
Increase(Decrease) From Last Month		\$ (3,409,644.75)

## STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

March 31, 2025

### TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
<b>Last Month 2/25</b>	652	1.79	4.047%	590,075,526.08	590,358,729.09	(283,203.01)
<b>Current Month 3/25</b>	662	1.81	4.209%	579,232,172.26	579,986,724.33	(754,552.07)
FISCAL YEAR AVERAGE	665	1.82	4.113%	553,488,085.23	\$552,909,473.85	\$578,611.38

### HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
506,300,450.36	511,063,549.35	<b>March, 2024</b>	543,192,543.23	547,955,642.22
505,251,640.59	511,965,558.44	<b>April, 2024</b>	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	<b>May, 2024</b>	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	<b>June, 2024</b>	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	<b>July, 2024</b>	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	<b>August, 2024</b>	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	<b>September, 2024</b>	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	<b>October, 2024</b>	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	<b>November, 2024</b>	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	<b>December, 2024</b>	623,587,874.66	625,709,557.82
564,641,679.13	566,295,480.53	<b>January, 2025</b>	651,189,772.05	652,843,573.45
590,358,729.09	590,075,526.08	<b>February, 2025</b>	674,095,498.85	673,812,295.84
579,986,724.33	579,232,172.26	<b>March, 2025</b>	660,313,849.34	659,559,297.27

	Total <u>Current Month</u>	Total <u>FY 24-25</u>	Total <u>FY 23-24</u>	Total <u>FY 22-23</u>	Total <u>FY 21-22</u>
<b>INTEREST EARNINGS</b>					
Pooled Investments					
Interest Earnings Net	<b>1,201,866.31</b>	<b>13,956,286.28</b>	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	<b>(16,971.43)</b>	<b>326,776.85</b>	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	<b>34,392.77</b>	<b>(167,466.06)</b>	(308,285.04)	(713,396.37)	

# TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending March 31, 2025

## Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	27.9%	AA-
Treasury	23.7%	Treasury
Agency	22.3%	AA+
LAIF	12.8%	NR
Money Market Funds	5.4%	TSY
CMO	2.6%	
ABS	2.6%	
Supranationals	1.5%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

## Duration/Maturity Distribution

### % of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	22.6%
.25 - .50	2.9%
.5 - 1	3.8%
1 year - 2 year	25.5%
2 year - 3 year	25.4%
3 year - 4 year	14.3%
4 year - 5 year	5.6%
5 year +	0.0%



**CITY OF TRACY**  
**CITY TREASURER'S REPORT**  
**SUMMARY OF ALL INVESTMENTS**  
For the Month ending April 30, 2025

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			3.834%	6,551,171.03	6,551,171.03
2. TREASURER'S INVESTMENTS				572,632,441.31	575,004,784.34
Total - Pooled Investments	705	1.93	4.328%	579,183,612.34	581,555,955.37
3. PROCEEDS FROM BOND ISSUES				75,892,236.59	75,892,236.59
Total - Non-Pooled Investments				75,892,236.59	75,892,236.59
GRAND TOTAL ALL INVESTMENTS				655,075,848.93	657,448,191.96

I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.  
The City has the ability to meet projected expenditures for the next six months.

  
**Raymond McCray**  
City Treasurer

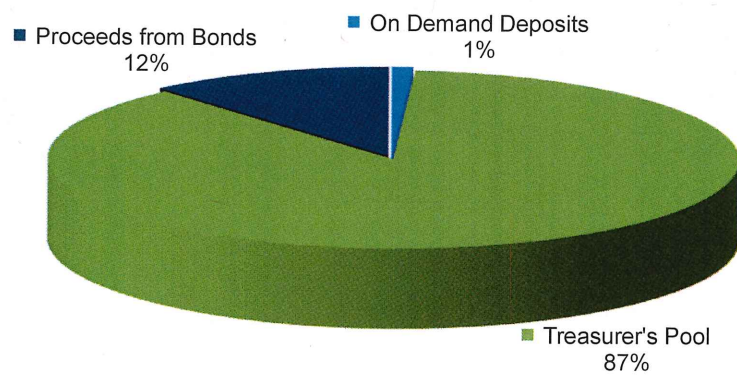
Date

6-16-25

Reviewed By:

Date: 6/10/2025

**City of Tracy - Investment Summary**  
**April 30, 2025 \$657,448,191.96 Market Value**





## TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

April 30, 2025

Custodian/Description	Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
<b>WELLS FARGO, Money Market Funds Pending Redemption</b>		1	3.83%	<b>7,954,316.34 (1,609,421.31)</b>	7,954,316.34 (1,609,421.31)
<b>WELLS FARGO, Checking</b>				<b>206,276.00</b>	206,276.00
<b>CHANDLER ASSET MNGT (331481)</b> *	3.94%	792	3.58%	<b>159,386,522.90</b>	160,737,819.03
<b>J.P. Morgan Securities (331483)</b> *	4.50%	818	5.34%	<b>224,836,650.76</b>	225,044,865.12
<b>INVESCO (331477)</b> *	3.54%	920	3.36%	<b>108,778,390.01</b>	109,591,222.55
<b>LOCAL AGENCY INVESTMENT FUND</b>		1	4.27%	<b>75,000,000.00</b>	75,000,000.00
<b>CAMP</b>		1	4.45%	<b>4,630,877.64</b>	4,630,877.64

\*Priced by US BANK

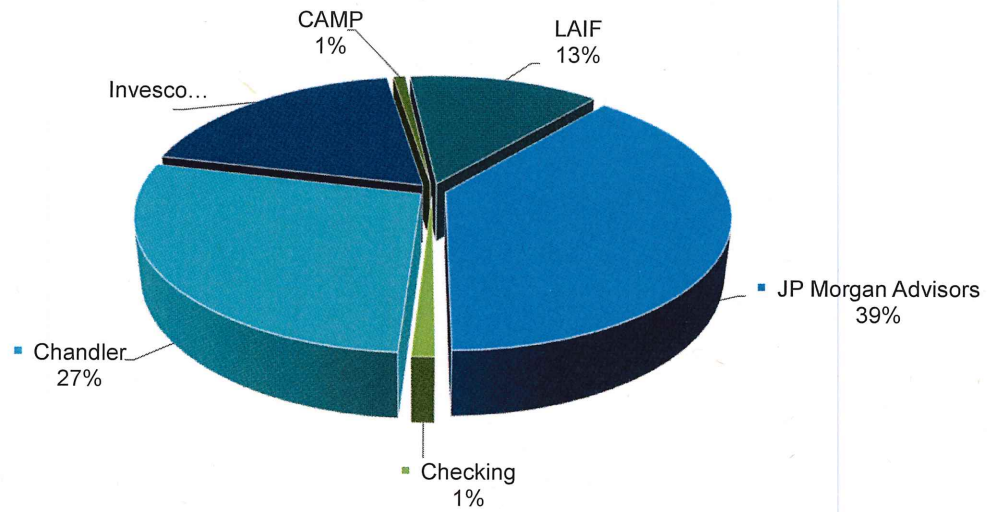
Short Term Treasury 3.86% Blended 5.17%

Five Largest Corp.Issuer Exposures

Bank of America Corp	2.13%
The Goldman Sachs Group Inc	2.02%
Morgan Stanley	1.92%
U.S. Bancorp	1.71%
JPMorgan Chase & Co	1.61%

<b>TOTAL INVESTMENTS</b>	<b>THIS MONTH</b>	<b>579,183,612.34</b>	<b>581,555,955.37</b>
<b>GASB 31 494,971,698.84</b>	<b>LAST MONTH</b>	579,232,172.26	579,986,724.33
	INCREASE(DECREASE) FROM LAST MONTH	(48,559.92)	1,569,231.04
	AVERAGE INTEREST RATE	4.328%	
	AVERAGE DAYS TO MATURITY	705	

**City of Tracy's Investments**  
**April 30, 2025 \$581,555,955.37 Market Value**



# **PROCEEDS FROM BOND ISSUES**

Funds in this category are held by a Trustee or other investment  
which is governed by the bond documents.

April 30, 2025

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 207,860.51	\$ 207,107.31	\$ 753.20
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 259,915.88	\$ 258,988.13	\$ 927.75
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 116,485.23	\$ 116,067.89	\$ 417.34
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 733,576.89	\$ 730,958.20	\$ 2,618.69
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 2,767.95	\$ 2,758.04	\$ 9.91
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 3,596,158.22	\$ 3,583,321.39	\$ 12,836.83
Tracy CFD 98-1 2011A	2005-A	\$ 310,302.95	\$ 309,195.37	\$ 1,107.58
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 466,001.98	\$ 464,338.55	\$ 1,663.43
TOPJPA 2005 Series C	2000-01 Presidio	\$ 653,003.81	\$ 650,636.38	\$ 2,367.43
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 300,600.08	\$ 1.06	\$ 300,599.02
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,791,944.34	\$ 1,785,532.45	\$ 6,411.89
Tracy LOB 2011-1		\$ 62,073.07	\$ 61,851.53	\$ 221.54
Tracy CFD 2011A		\$ 1,128,671.08	\$ 1,124,642.24	\$ 4,028.84
Successor Agency-CDA 2016		\$ 1,416.54	\$ 1,411.55	\$ 4.99
Tracy Hills CFD 2016		\$ 11,028,249.58	\$ 17,589,339.82	\$ (6,561,090.24)
CFD 2006-01 Phase II		\$ 1,094,387.60	\$ 1,094,382.90	\$ 4.70
ECFD 2o16-2		\$ 2,758,844.91	\$ 2,758,833.02	\$ 11.89
CFD 2021-1 Hillview		\$ 1,018,208.13	\$ 1,018,203.76	\$ 4.37
2022 Lease Rev Bonds		\$ 1,918,143.49	\$ 1,522,638.12	\$ 395,505.37
2024 Lease Rev Bonds		\$ 48,443,624.35	\$ 47,046,917.30	\$ 1,396,707.05
Total		\$ 75,892,236.59	80,327,125.01	\$ (4,434,888.42)

\*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 75,892,236.59
	LAST MONTH	80,327,125.01
Increase(Decrease) From Last Month		\$ (4,434,888.42)

## STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

April 30, 2025

### TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 3/25	662	1.81	4.209%	579,232,172.26	579,986,724.33	(754,552.07)
Current Month 4/25	705	1.93	4.328%	579,183,612.34	581,555,955.37	(2,372,343.03)
FISCAL YEAR AVERAGE	669	1.83	4.135%	556,057,637.95	\$555,774,122.01	\$283,515.94

### HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82
564,641,679.13	566,295,480.53	January, 2025	651,189,772.05	652,843,573.45
590,358,729.09	590,075,526.08	February, 2025	674,095,498.85	673,812,295.84
579,986,724.33	579,232,172.26	March, 2025	660,313,849.34	659,559,297.27
581,555,955.37	579,183,612.34	April, 2025	657,448,191.96	655,075,848.93

	Total <u>Current Month</u>	Total <u>FY 24-25</u>	Total <u>FY 23-24</u>	Total <u>FY 22-23</u>	Total <u>FY 21-22</u>
<u>INTEREST EARNINGS</u>					
Pooled Investments					
Interest Earnings Net	1,421,124.49	15,377,410.77	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	85,306.56	412,083.41	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	-	(167,466.06)	(308,285.04)	(713,396.37)	

# TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending April 30, 2025

## Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	28.4%	AA-
Treasury	24.6%	Treasury
Agency	24.4%	AA+
LAIF	12.9%	NR
CMO	2.6%	
ABS	2.5%	
Money Market Funds	2.0%	TSY
Supranationals	1.6%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

## Duration/Maturity Distribution

### % of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	19.0%
.25 - .50	3.6%
.5 - 1	3.6%
1 year - 2 year	24.8%
2 year - 3 year	27.1%
3 year - 4 year	14.4%
4 year - 5 year	7.6%
5 year +	0.0%



**CITY OF TRACY**  
**CITY TREASURER'S REPORT**  
**SUMMARY OF ALL INVESTMENTS**  
For the Month ending May 31, 2025

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			3.830%	16,310,575.84	16,310,575.84
2. TREASURER'S INVESTMENTS				573,887,184.58	574,686,580.55
Total - Pooled Investments	731	2.00	4.345%	590,197,760.42	590,997,156.39
3. PROCEEDS FROM BOND ISSUES				82,624,187.34	82,624,187.34
Total - Non-Pooled Investments				82,624,187.34	82,624,187.34
GRAND TOTAL ALL INVESTMENTS				672,821,947.76	673,621,343.73

I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.  
The City has the ability to meet projected expenditures for the next six months.

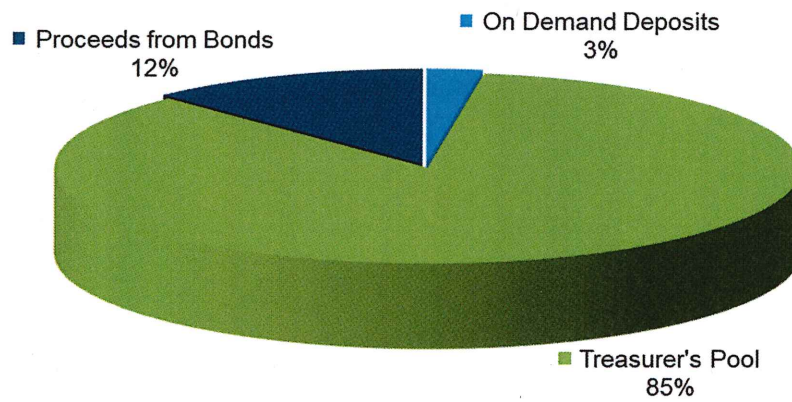
  
**Raymond McCray**  
City Treasurer

7-14-25  
Date

Reviewed By: 

Date: 7/3/2025

**City of Tracy - Investment Summary**  
**May 31, 2025 \$673,621,343.73 Market Value**



## TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

May 31, 2025

Custodian/Description		Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Money Market Funds Pending Redemption			1	3.83%	16,430,395.74 (129,676.90)	16,430,395.74 (129,676.90)
WELLS FARGO, Checking					9,857.00	9,857.00
CHANDLER ASSET MNGT (331481)	*	3.93%	799	3.60%	159,889,848.30	160,622,858.71
J.P. Morgan Securities (331483)	*	4.49%	865	5.34%	225,464,949.45	225,233,827.76
INVESCO (331477)	*	3.71%	1,004	3.50%	108,884,113.64	109,181,620.89
LOCAL AGENCY INVESTMENT FUND			1	4.28%	75,000,000.00	75,000,000.00
CAMP			1	4.42%	4,648,273.19	4,648,273.19

\*Priced by US BANK

Short Term Treasury                      3.94%              Blended              5.11%

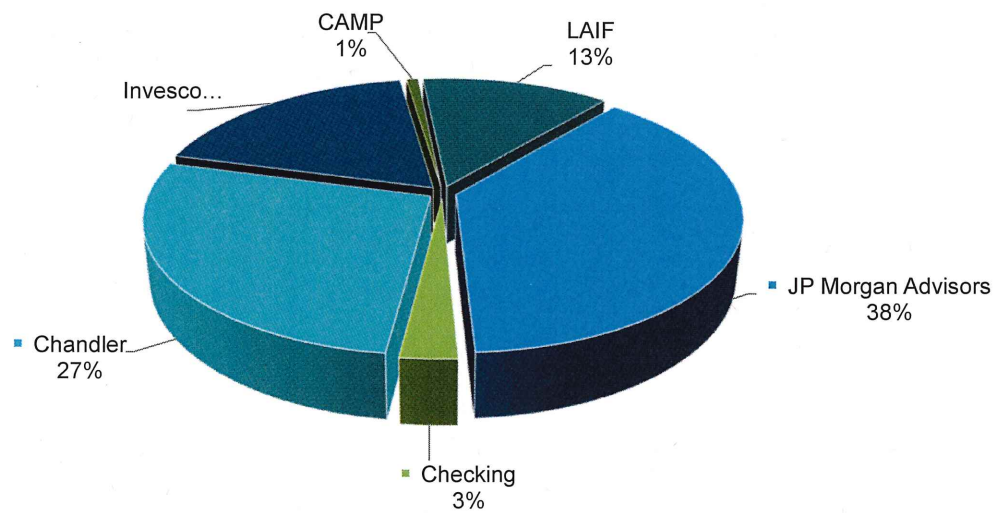
Five Largest Corp.Issuer Exposures

Bank of America Corp	2.12%
The Goldman Sachs Group Inc	2.01%
Morgan Stanley	1.91%
U.S. Bancorp	1.71%
JPMorgan Chase & Co	1.60%

TOTAL INVESTMENTS	THIS MONTH	590,197,760.42	590,997,156.39
GASB 31 494,971,698.84	LAST MONTH	579,183,612.34	581,555,955.37
	INCREASE(DECREASE) FROM LAST MONTH	11,014,148.08	9,441,201.02
	AVERAGE INTEREST RATE	4.345%	
	AVERAGE DAYS TO MATURITY	731	



**City of Tracy's Investments**  
**May 31, 2025 \$590,997,156.39 Market Value**



# **PROCEEDS FROM BOND ISSUES**

Funds in this category are held by a Trustee or other investment  
which is governed by the bond documents.

May 31, 2025

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 342,682.41	\$ 207,860.51	\$ 134,821.90
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 260,815.09	\$ 259,915.88	\$ 899.21
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 156,753.64	\$ 116,485.23	\$ 40,268.41
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 736,115.06	\$ 733,576.89	\$ 2,538.17
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 408,300.00	\$ 2,767.95	\$ 405,532.05
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 6,057,130.75	\$ 3,596,158.22	\$ 2,460,972.53
Tracy CFD 98-1 2011A	2005-A	\$ 334,375.77	\$ 310,302.95	\$ 24,072.82
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 467,614.28	\$ 466,001.98	\$ 1,612.30
TOPJPA 2005 Series C	2000-01 Presidio	\$ 1,232,038.61	\$ 653,003.81	\$ 579,034.80
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 0.33	\$ 300,600.08	\$ (300,599.75)
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 2,379,643.16	\$ 1,791,944.34	\$ 587,698.82
Tracy LOB 2011-1		\$ 62,287.82	\$ 62,073.07	\$ 214.75
Tracy CFD 2011A		\$ 1,132,576.06	\$ 1,128,671.08	\$ 3,904.98
Successor Agency-CDA 2016		\$ 1,421.41	\$ 1,416.54	\$ 4.87
Tracy Hills CFD 2016		\$ 13,976,222.72	\$ 11,028,249.58	\$ 2,947,973.14
CFD 2006-01 Phase II		\$ 1,433,527.18	\$ 1,094,387.60	\$ 339,139.58
ECFD 2016-2		\$ 3,499,915.01	\$ 2,758,844.91	\$ 741,070.10
CFD 2021-1 Hillview		\$ 1,228,376.24	\$ 1,018,208.13	\$ 210,168.11
2022 Lease Rev Bonds		\$ 1,522,651.59	\$ 1,918,143.49	\$ (395,491.90)
2024 Lease Rev Bonds		\$ 47,391,740.21	\$ 48,443,624.35	\$ (1,051,884.14)
Total		\$ 82,624,187.34	75,892,236.59	\$ 6,731,950.75

\*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 82,624,187.34
	LAST MONTH	75,892,236.59
Increase(Decrease) From Last Month		\$ 6,731,950.75

## STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

May 31, 2025

### TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 4/25	705	1.93	4.328%	579,183,612.34	581,555,955.37	(2,372,343.03)
Current Month 5/25	731	2.00	4.345%	590,197,760.42	590,997,156.39	(799,395.97)
FISCAL YEAR AVERAGE	675	1.85	4.154%	559,161,285.44	\$558,976,216.04	\$185,069.40

### HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82
564,641,679.13	566,295,480.53	January, 2025	651,189,772.05	652,843,573.45
590,358,729.09	590,075,526.08	February, 2025	674,095,498.85	673,812,295.84
579,986,724.33	579,232,172.26	March, 2025	660,313,849.34	659,559,297.27
581,555,955.37	579,183,612.34	April, 2025	657,448,191.96	655,075,848.93
590,997,156.39	590,197,760.42	May, 2025	673,621,343.73	672,821,947.76

	Total <u>Current Month</u>	Total <u>FY 24-25</u>	Total <u>FY 23-24</u>	Total <u>FY 22-23</u>	Total <u>FY 21-22</u>
<b>INTEREST EARNINGS</b>					
Pooled Investments					
Interest Earnings Net	1,216,624.99	16,594,035.76	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	43,405.54	455,488.95	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	-	(167,466.06)	(308,285.04)	(713,396.37)	

# TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending May 31, 2025

## Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	27.3%	AA-
Treasury	25.1%	Treasury
Agency	25.2%	AA+
LAIF	12.8%	NR
CMO	2.6%	
ABS	2.4%	
Money Market Funds	2.1%	TSY
Supranationals	1.5%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

## Duration/Maturity Distribution

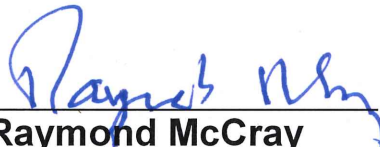
### % of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	17.7%
.25 - .50	2.8%
.5 - 1	5.3%
1 year - 2 year	22.8%
2 year - 3 year	26.3%
3 year - 4 year	15.4%
4 year - 5 year	9.8%
5 year +	0.0%

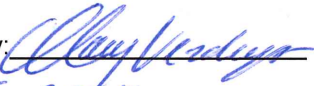
**CITY OF TRACY**  
**CITY TREASURER'S REPORT**  
**SUMMARY OF ALL INVESTMENTS**  
For the Month ending June 30, 2025

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			3.813%	28,209,174.63	28,209,174.63
2. TREASURER'S INVESTMENTS				575,914,624.90	578,111,784.52
Total - Pooled Investments	696	1.91	4.341%	604,123,799.53	606,320,959.15
3. PROCEEDS FROM BOND ISSUES				75,084,620.42	75,084,620.42
Total - Non-Pooled Investments				75,084,620.42	75,084,620.42
GRAND TOTAL ALL INVESTMENTS				679,208,419.95	681,405,579.57

I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.  
The City has the ability to meet projected expenditures for the next six months.

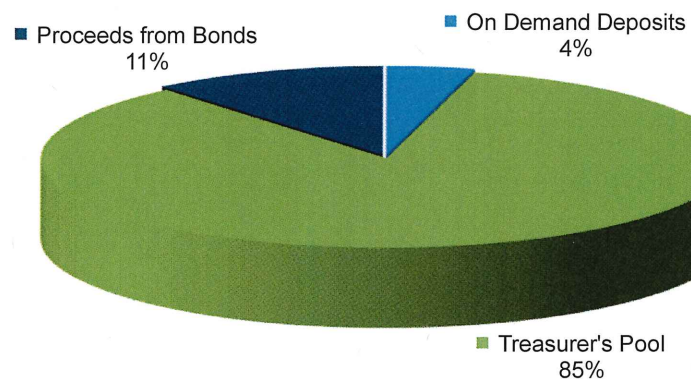
  
**Raymond McCray**  
City Treasurer

8-5-2025  
Date

Reviewed By:   
Date: 8-5-2025



**City of Tracy - Investment Summary**  
**June 30, 2025 \$681,405,579.57 Market Value**



## TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

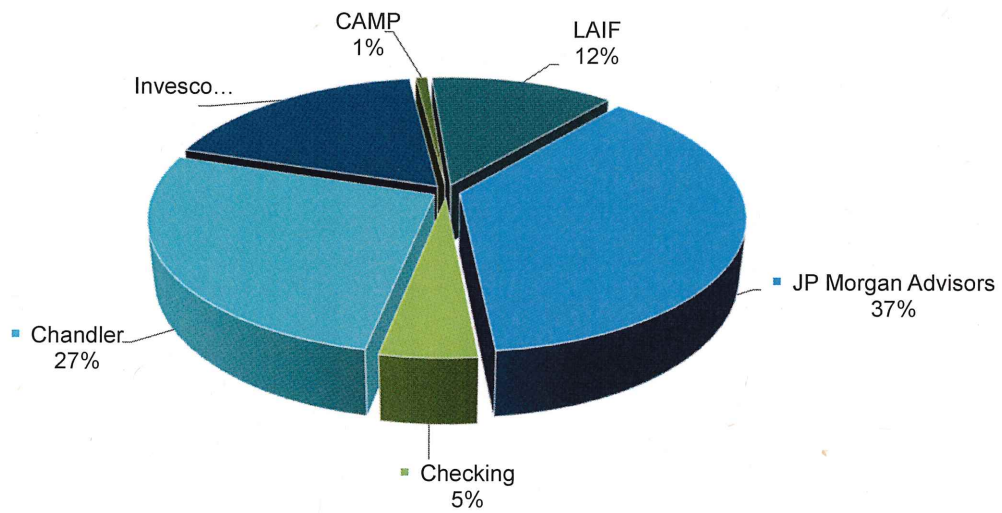
June 30, 2025

Custodian/Description		Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Money Market Funds Pending Redemption			1	3.81%	30,261,194.92 (2,220,700.29)	30,261,194.92 (2,220,700.29)
WELLS FARGO, Checking					168,680.00	168,680.00
CHANDLER ASSET MNGT (331481)	*	3.98%	781	3.63%	160,579,273.33	161,854,273.66
J.P. Morgan Securities (331483)	*	4.49%	843	5.32%	226,173,775.48	226,297,000.16
INVESCO (331477)	*	3.72%	967	3.49%	109,496,473.69	110,295,408.30
LOCAL AGENCY INVESTMENT FUND			1	4.26%	75,000,000.00	75,000,000.00
CAMP			1	4.40%	4,665,102.40	4,665,102.40
*Priced by US BANK						
Short Term Treasury	3.72%	Blended	4.75%			
Five Largest Corp.Issuer Exposures						
Bank of America Corp	2.05%					
The Goldman Sachs Group Inc	1.95%					
Morgan Stanley	1.84%					
U.S. Bancorp	1.78%					
JPMorgan Chase & Co	1.55%					

TOTAL INVESTMENTS	THIS MONTH	604,123,799.53	606,320,959.15
GASB 31 494,971,698.84	LAST MONTH	590,197,760.42	590,997,156.39
	INCREASE(DECREASE) FROM LAST MONTH	13,926,039.11	15,323,802.76
	AVERAGE INTEREST RATE	4.341%	
	AVERAGE DAYS TO MATURITY	696	



**City of Tracy's Investments**  
**June 30, 2025 \$606,320,959.15 Market Value**



# **PROCEEDS FROM BOND ISSUES**

Funds in this category are held by a Trustee or other investment  
which is governed by the bond documents.

June 30, 2025

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 343,562.82	\$ 342,682.41	\$ 880.41
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 261,742.72	\$ 260,815.09	\$ 927.63
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 157,210.59	\$ 156,753.64	\$ 456.95
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 738,733.54	\$ 736,115.06	\$ 2,618.48
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 614.36	\$ 408,300.00	\$ (407,685.64)
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 6,072,496.00	\$ 6,057,130.75	\$ 15,365.25
Tracy CFD 98-1 2011A	2005-A	\$ 335,507.12	\$ 334,375.77	\$ 1,131.35
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 469,277.55	\$ 467,614.28	\$ 1,663.27
TOPJPA 2005 Series C	2000-01 Presidio	\$ 1,234,965.18	\$ 1,232,038.61	\$ 2,926.57
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 0.33	\$ 0.33	\$ -
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 2,386,639.91	\$ 2,379,643.16	\$ 6,996.75
Tracy LOB 2011-1		\$ 62,509.37	\$ 62,287.82	\$ 221.55
Tracy CFD 2011A		\$ 1,136,604.53	\$ 1,132,576.06	\$ 4,028.47
Successor Agency-CDA 2016		\$ 1,426.45	\$ 1,421.41	\$ 5.04
Tracy Hills CFD 2016		\$ 13,988,267.77	\$ 13,976,222.72	\$ 12,045.05
CFD 2006-01 Phase II		\$ 1,433,532.24	\$ 1,433,527.18	\$ 5.06
ECFD 2016-2		\$ 3,355,571.00	\$ 3,499,915.01	\$ (144,344.01)
CFD 2021-1 Hillview		\$ 1,228,380.82	\$ 1,228,376.24	\$ 4.58
2022 Lease Rev Bonds		\$ 1,522,656.60	\$ 1,522,651.59	\$ 5.01
2024 Lease Rev Bonds		\$ 40,354,921.52	\$ 47,391,740.21	\$ (7,036,818.69)
Total		\$ 75,084,620.42	82,624,187.34	\$ (7,539,566.92)

\*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

<b>TOTAL BOND PROCEEDS</b>	<b>THIS MONTH</b>	<b>\$ 75,084,620.42</b>
	<b>LAST MONTH</b>	<b>82,624,187.34</b>
<b>Increase(Decrease) From Last Month</b>		<b>\$ (7,539,566.92)</b>

## STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

June 30, 2025

### TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 5/25	731	2.00	4.345%	590,197,760.42	590,997,156.39	(799,395.97)
Current Month 6/25	696	1.91	4.341%	604,123,799.53	606,320,959.15	(2,197,159.62)
FISCAL YEAR AVERAGE	677	1.85	4.169%	562,908,161.62	\$562,921,611.30	(\$13,449.68)

### HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82
564,641,679.13	566,295,480.53	January, 2025	651,189,772.05	652,843,573.45
590,358,729.09	590,075,526.08	February, 2025	674,095,498.85	673,812,295.84
579,986,724.33	579,232,172.26	March, 2025	660,313,849.34	659,559,297.27
581,555,955.37	579,183,612.34	April, 2025	657,448,191.96	655,075,848.93
590,997,156.39	590,197,760.42	May, 2025	673,621,343.73	672,821,947.76
606,320,959.15	604,123,799.53	June, 2025	681,405,579.57	679,208,419.95

	Total <u>Current Month</u>	Total <u>FY 24-25</u>	Total <u>FY 23-24</u>	Total <u>FY 22-23</u>	Total <u>FY 21-22</u>
<b>INTEREST EARNINGS</b>					
Pooled Investments					
Interest Earnings Net	<b>2,062,156.82</b>	<b>18,656,192.58</b>	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	<b>8,725.10</b>	<b>464,214.05</b>	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	-	<b>(167,466.06)</b>	(308,285.04)	(713,396.37)	

# TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending June 30, 2025

## Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	26.3%	AA-
Treasury	24.4%	Treasury
Agency	24.4%	AA+
LAIF	12.4%	NR
CMO	2.5%	
ABS	2.5%	
Money Market Funds	5.1%	TSY
Supranationals	1.5%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

## Duration/Maturity Distribution

### % of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	21.0%
.25 - .50	1.8%
.5 - 1	6.0%
1 year - 2 year	22.0%
2 year - 3 year	27.4%
3 year - 4 year	14.7%
4 year - 5 year	7.3%
5 year +	0.0%

AGENDA ITEM 3.B.

RECOMMENDATION

**Staff recommends that the Finance Committee recommend the City Council adopt a resolution approving amendments to the City of Tracy Investment Policy.**

EXECUTIVE SUMMARY

The City Treasurer annually reviews the City of Tracy Investment Policy (Policy) for compliance with all relevant State Codes governing the investment of City funds. The Policy also was reviewed and revised by the City of Tracy's investment advisors, Chandler Asset Management (Chandler). Chandler made specific recommendations for revision of the Policy, which are reflected in Attachment A.

BACKGROUND AND LEGISLATIVE HISTORY

The City Treasurer and the City's investment advisor, Chandler, regularly discuss the status of the performance of its managed assets and compliance with the Policy. The last update to the Investment policy was in October 2023. Chandler has confirmed that the City's Investment Policy is compliant with the provisions of California Government Code Section 53600 (Code) and the Tracy Municipal Code; however, they are making recommendation to conform to Code (See Attachment B: Chandler Asset Management memorandum).

ANALYSIS

Chandler made several recommendations to bring the Policy in-line with California Government Code 53601 et seq. and to conform to best practices. Among the changes recommended by Chandler are:

**Update to eligible authorized financial institutions, depositories, and broker dealer's section:**

- California Government Code Section 53601.5 describes the types of financial institutions that California local governments may transact with when placing investments.

**Authorized Investments:**

- A revision to the Municipal Securities section to differentiate investments outside of California from investments within California. Investments in State obligations are allowed from all 50 States, however, investments in local government obligations are only allowed from local agencies within California, not other States.
- Updating language throughout the authorized investment section to reflect "total" portfolio when referencing maximum thresholds per security type to create greater clarity on how the thresholds are measured.
- Renamed CDARs section to Placement Services Deposits to reflect an update to code on this broader category. AB 2618, effective 1/1/2025 and sunseting on 1/1/2031, limits the maximum exposure to this type of investment temporarily and this update reflects this change in law and with a more accurate section title.

- Replacing LAIF section and LGIP section with one combined and updated section. The new, expanded section more effectively addresses all current and potential LGIP use by the city, in one consolidated segment. The updated language is our suggestion at best practice that includes references to all three types of LGIPs defined by the Municipal Securities Rulemaking Board (MSRB) with government code references for clarity and accuracy.

**Prohibited Investments:**

A prohibition on securities with a forward settlement date exceeding 45 days from the time of investment was added to align with code and to protect the City from questionable investment practices.

**FISCAL IMPACT**

There is no fiscal impact with the acceptance of the proposed revisions to the Policy; investment income is included in the adopted budget.

**STRATEGIC PLAN**

This agenda item supports the Governance Strategy, Goal 2: ensure continued fiscal sustainability through budgetary and financial stewardship.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the Finance Committee recommend the City Council adopt a resolution approving amendments to the City of Tracy Investment Policy.

Prepared by: Sara Castro, Director of Finance

Reviewed by: L. David Nefouse, City Attorney

Approved by: Midori Lichtwardt, City Manager

**ATTACHMENTS**

Attachment A – Investment Policy (Redline)

Attachment B – Chandler Asset Management Memo

# **CITY OF TRACY**



# **INVESTMENT POLICY**

**ADOPTED OCTOBER XX, 2025**

**RESOLUTION 2025-XXX**



**CITY OF TRACY**

**COUNCIL POLICY**

**INVESTMENT POLICY A-2  
DATE October XX, 2025**

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## **I. INTRODUCTION**

The purpose of this investment policy is to identify various policies and procedures that will foster a prudent and systematic investment program designed to seek the City of Tracy objectives of safety, liquidity and return on investment through a diversified investment portfolio. This policy also serves to organize and formalize the City of Tracy's investment-related activities, while complying with all applicable statutes governing the investment of public funds. This policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

This investment policy was endorsed and adopted by the City Council and is effective as of the XXth day of October, 2025, and replaces any previous versions.

## **II. SCOPE**

This policy covers all funds and investment activities under the direct authority of the City of Tracy, as set forth in the State Government Code, Sections 53600 *et seq.*, with the following exceptions:

- Proceeds of debt issuance shall be invested in accordance with the City of Tracy's general investment philosophy as set forth in this policy; however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.

Any other funds specifically exempted by the City Council.

### **POOLING OF FUNDS**

Except for cash in certain restricted and special funds, the City of Tracy will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

## **III. PRUDENCE**

Pursuant to California Government Code, Section 53600.3, all persons authorized to make investment decisions on behalf of the City of Tracy are trustees and therefore fiduciaries subject to the *Prudent Investor Standard*:

"...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing,

acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

The Treasurer and other authorized persons responsible for managing the City of Tracy’s funds acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes provided that the Treasurer or other authorized persons acted in good faith. Deviations from expectations of a security’s credit or market risk should be reported to the governing body in a timely fashion and appropriate action should be taken to control adverse developments.

#### **IV. OBJECTIVES**

The City of Tracy’s overall investment program shall be designed and managed with a degree of professionalism worthy of the public trust. The overriding objectives of the program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market-rate of return.

- **SAFETY.** Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the City of Tracy will diversify its investments by investing funds among a variety of securities with independent returns.
- **LIQUIDITY.** The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- **RETURN ON INVESTMENTS.** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

#### **V. DELEGATION OF AUTHORITY**

Authority to manage the City of Tracy’s investment program is derived from California Government Code, Sections 41006 and 53600 *et seq.*

The City Council is responsible for the management of the City of Tracy's funds, including the administration of this investment policy. Management responsibility for the cash management of the City of Tracy's funds is hereby delegated to the Treasurer.

The Treasurer will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate officials and employees. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

The City of Tracy may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the City of Tracy's investment portfolio in a manner consistent with the City of Tracy's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

The City of Tracy's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City of Tracy recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the City of Tracy.

## **VI. ETHICS AND CONFLICTS OF INTEREST**

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Thus, employees and officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the Treasurer any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Agency.

## **VII. INTERNAL CONTROLS**

The Treasurer has the authority to delegate the establishment and maintenance of an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be

designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the City of Tracy and/or the City Council, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

## **VIII. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS**

To the extent practicable, the Treasurer shall endeavor to complete investment transactions using a competitive bid process whenever possible. The City of Tracy's Treasurer will determine which financial institutions are authorized to provide investment services to the City of Tracy. It shall be the City of Tracy's policy to purchase securities only from authorized institutions and firms.

The Treasurer shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the City of Tracy. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the City of Tracy are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

In accordance with Section 53601.5, institutions eligible to transact investment business with the City of Tracy include:

- Institutions licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, with proof of FINRA certification.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- Savings associations of federal associations (as defined in Section 5102 of the Financial Code).
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in

transactions will be at the sole discretion of the City of Tracy, except where the City of Tracy utilizes an external investment adviser in which case the Agency may rely on the adviser for selection.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Treasurer with audited financials and a statement certifying that the institution has reviewed the California Government Code, Section 53600 *et seq.* and the City of Tracy's investment policy. The Treasurer will conduct an annual review of the financial condition and registrations of such qualified bidders.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Selection of broker/dealers used by an external investment adviser retained by the City of Tracy will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

## **IX. AUTHORIZED INVESTMENTS**

The City of Tracy's investments are governed by California Government Code, Sections 53600 *et seq.* Within the investments permitted by the Code, the City of Tracy seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and Code, the more restrictive parameters will take precedence. Percentage holding limits and minimum credit quality requirements listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

**1. MUNICIPAL SECURITIES** include obligations of the City of Tracy, the State of California, and any local agency within the State of California, provided that:

- The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization

(“NRSRO”).

- No more than 5% of the portfolio may be invested in any single issuer.
- No more than 30% of the portfolio may be in Municipal Securities.
- The maximum maturity does not exceed five (5) years.

**2. MUNICIPAL SECURITIES (REGISTERED TREASURY NOTES OR BONDS)** of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

- The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
- No more than 5% of the total portfolio may be invested in any single issuer.
- No more than 30% of the total portfolio may be in Municipal Securities.
- The maximum maturity does not exceed five (5) years.

**3. U.S. TREASURIES** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the City of Tracy may invest in U.S. Treasuries, provided that:

- The maximum maturity is five (5) years.

**4. FEDERAL AGENCIES** or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the City of Tracy may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:

- No more than 30% of the total portfolio may be invested in any single Agency/GSE issuer.
- The maximum percent of agency callable securities in the portfolio will be 20%.
- The maximum maturity does not exceed five (5) years.

**5. BANKER’S ACCEPTANCES**, provided that:

- They are issued by institutions which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
- No more than 40% of the total portfolio may be invested in Banker’s Acceptances.
- No more than 5% of the total portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 180 days.



**6. COMMERCIAL PAPER**, provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:

a. **SECURITIES** issued by corporations:

- (i) A corporation organized and operating in the United States with assets more than \$500 million.
- (ii) The securities are rated “A-1” or its equivalent or better by at least one NRSRO.
- (iii) If the issuer has other debt obligations, they must be rated in a rating category of “A” or its equivalent or better by at least one NRSRO.

b. **SECURITIES** issued by other entities:

- (i) The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
- (ii) The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
- (iii) The securities are rated “A-1” or its equivalent or better by at least one NRSRO.

- No more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of the total portfolio may be invested in Commercial Paper. Under a provision sunseting on January 1, 2026, no more than 40% of the total portfolio may be invested in Commercial Paper if the City’s investment assets under management are greater than \$100,000,000.
- No more than 5% of the total portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 270 days.

**7. NEGOTIABLE CERTIFICATES OF DEPOSIT (NCDs)**, issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in NCDs.
- No more than 5% of the total portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

**8. FEDERALLY INSURED TIME DEPOSITS** (Non-Negotiable Certificates of Deposit) in

state or federally chartered banks, savings and loans, or credit unions, provided that:

- The amount per institution is limited to the maximum covered under federal insurance.

No more than 20% of the portfolio will be invested in a combination offederally insured and collateralized time deposits.

- The maximum maturity does not exceed five (5) years.

**9. COLLATERALIZED TIME DEPOSITS** (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:

- No more than 20% of the total portfolio will be invested in a combination offederally insured and collateralized time deposits.
- The maximum maturity does not exceed five (5) years.

**10. PLACEMENT SERVICE DEPOSITS**, provided that:

- No more than 30% of the total portfolio may be invested in qualifying placement service deposits.
- The full amount of each deposit along with accrued interest must at all times be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
- Under a provision sunseting on January 1, 2031, no more than 50% of the portfolio may be invested in deposits through a placement service, including Certificates of Deposit, if the Agency is a city, district, or local agency that does not pool money with other local agencies.
- The maximum maturity does not exceed five (5) years.

**11. COLLATERALIZED BANK DEPOSITS.** City of Tracy's deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651. There are no limits on the dollar amount or percentage that the City of Tracy may have in these deposits.

**12. REPURCHASE AGREEMENTS** collateralized with securities authorized under California Government Code and maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that the City of Tracy may invest, provided that:

- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third party custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between the City of Tracy and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).

- The maximum maturity does not exceed one (1) year.

### **13. LOCAL GOVERNMENT INVESTMENT POOLS (LGIP)**

- State of California Local Agency Investment Fund (LAIF), created by California Government Code Section 16429.1, provided that:
  - The Agency may invest up to the maximum amount permitted by LAIF.
  - LAIF's investments in instruments prohibited by or not specified in the Agency's policy do not exclude the investment in LAIF itself from the Agency's list of allowable investments, provided LAIF's reports allow the Designated Official to adequately judge the risk inherent in LAIF's portfolio.
- Shares of Beneficial Interest Issued by a Joint Powers Authority (JPA), provided that:
  - The JPA is organized pursuant to California Government Code Section 6509.7 and invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive.
  - Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA.
  - The JPA has retained an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (q).
- Other Local Government Investment Pools (LGIP)
  - Other LGIPs permitted by the agency (such as a County Pool as defined by California Government Code Section 27000.3).
  - No more than 20% of the total portfolio may be invested in LGIPs other than LAIF and JPAs.

### **14. CORPORATE MEDIUM TERM NOTES (MTNs), provided that:**

- The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in MTNs.
- No more than 5% of the total portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

### **15. ASSET-BACKED, MORTGAGE-BACKED, MORTGAGE PASS-THROUGH SECURITIES,**

**AND COLLATERALIZED MORTGAGE OBLIGATIONS FROM ISSUERS NOT DEFINED IN SECTIONS 3 AND 4 OF THE AUTHORIZED INVESTMENTS SECTION OF THIS POLICY,** provided that:

- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the total portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five (5) years.

**16. MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS** that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

- a. **MUTUAL FUNDS** that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
  1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
  3. No more than 10% of the total portfolio may be invested in shares of any one mutual fund.
- b. **MONEY MARKET MUTUAL FUNDS** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
  1. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of \$500 million.
  3. No more than 20% of the total portfolio may be invested in Money Market Mutual Funds.
- c. No more than 20% of the total portfolio may be invested in these securities.

**17. SUPRANATIONALS**, provided that:

- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more than 30% of the total portfolio may be invested in these securities.
- No more than 10% of the total portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

## **X. PROHIBITED INVESTMENT VEHICLES AND PRACTICES**

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.
- The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

## **XI. Local Government INVESTMENT POOLS/MUTUAL FUNDS**

The City of Tracy shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. Annually, the Treasurer shall seek responses to the following questions from any investment pool or mutual fund in which the city invests:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how it is assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

## **XII. COLLATERALIZATION**

**CERTIFICATES OF DEPOSIT (CDs).** The City of Tracy shall require any commercial

bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

**COLLATERALIZATION OF BANK DEPOSITS.** This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The City of Tracy shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

**REPURCHASE AGREEMENTS.** The City of Tracy requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The City of Tracy shall receive monthly statements of collateral.

### **XIII. DELIVERY, SAFEKEEPING AND CUSTODY**

**DELIVERY-VERSUS-PAYMENT (DVP).** All investment transactions shall be conducted on a delivery-versus-payment basis.

**SAFEKEEPING AND CUSTODY.** To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the City of Tracy's portfolio shall be held in safekeeping in the City of Tracy's name by a third party custodian, acting as agent for the City of Tracy under the terms of a custody agreement executed by the bank and the City of Tracy. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the City of Tracy from the custodian listing all securities held in safekeeping with current market data and other information.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money mutual funds, since the purchased securities are not deliverable.

### **XIV. MAXIMUM MATURITY**

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

The City of Tracy will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the City Council has, by resolution, granted authority to make such an investment.

## **XV. RISK MANAGEMENT AND DIVERSIFICATION**

### **MITIGATING CREDIT RISK IN THE PORTFOLIO**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City of Tracy will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The City of Tracy may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or City of Tracy’s risk preferences.
- If securities owned by the City of Tracy are downgraded by an NRSRO to a level below the quality required by this investment policy, making the security ineligible for additional purchases, the following steps will be taken:
  - Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
  - If a decision is made to retain the security, the credit situation will be monitored and reported to the Council.

### **MITIGATING MARKET RISK IN THE PORTFOLIO**

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City of Tracy recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City of Tracy will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The City of Tracy further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City of Tracy, therefore, adopts the following strategies to control and mitigate its exposure to market risk:



- The City of Tracy will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum percent of callable securities (does not include “make whole call” securities as defined in the Glossary) in the portfolio will be 20%.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the City of Tracy based on the City of Tracy’s investment objectives, constraints and risk tolerances.

## **XVI. REVIEW OF INVESTMENT PORTFOLIO**

The Treasurer shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the City Council.

## **XVII. PERFORMANCE EVALUATION**

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City of Tracy’s risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio’s performance relative to the chosen market benchmark(s), which will be included in the Treasurer’s quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

## **XVIII. REPORTING**

### **MONTHLY REPORTS**

Monthly transaction reports will be submitted by the Treasurer to the City Council within 60 days of the end of the reporting period in accordance with California Government Code Section 53607.

### **QUARTERLY REPORTS**

The Treasurer will submit a quarterly investment report to the City Council which provides full disclosure of the City of Tracy’s investment activities within 60 days after the end of the quarter. These reports will disclose, at a minimum, the following information about the City of Tracy’s portfolio:

1. An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date, interest rate and interest rate.
2. Transactions for the period.
3. A description of the funds, investments and programs (including lending programs) managed by contracted parties (i.e. LAIF; LGIPs, outside money managers, and securities lending agents)
4. A one-page summary report that shows:
  - a. Average maturity of the portfolio and modified duration of the portfolio;
  - b. Maturity distribution of the portfolio;
  - c. Percentage of the portfolio represented by each investment category;
  - d. Average portfolio credit quality; and,
  - e. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to the City of Tracy's market benchmark returns for the same periods;
5. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
6. A statement that the City of Tracy has adequate funds to meet its cash flow requirements for the next six months.

#### **ANNUAL REPORTS**

A comprehensive annual report will be presented to the Investment Review Committee. The approved report will be presented to Council as a consent item with the purpose of the report being pulled for further discussion, if needed. This report will include comparisons of the City of Tracy's return to the market benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

### **XIX. REVIEW OF INVESTMENT POLICY**

The investment policy will be reviewed and adopted at least annually within 120 days of the end of the fiscal year, to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

Any recommended modifications or amendments shall be presented by Staff to the City Council for their consideration and adoption.

## GLOSSARY OF INVESTMENT TERMS

**AGENCIES.** Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

**GNMA.** The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

**TVA.** The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

**ASKED.** The price at which a seller offers to sell a security.

**ASSET BACKED SECURITIES.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**AVERAGE LIFE.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**BANKER’S ACCEPTANCE.** A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

**BENCHMARK.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**BID.** The price at which a buyer offers to buy a security.

**BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**CALLABLE.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment

risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

**COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**COMMERCIAL PAPER.** The short-term unsecured debt of corporations.

**COST YIELD.** The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

**COUPON.** The rate of return at which interest is paid on a bond.

**CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**CURRENT YIELD.** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**DEBENTURE.** A bond secured only by the general credit of the issuer.

**DELIVERY VS. PAYMENT (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**DERIVATIVE.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

**DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other

securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**FEDERAL FUNDS RATE.** The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**FEDERAL OPEN MARKET COMMITTEE.** A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**LIQUIDITY.** The speed and ease with which an asset can be converted to cash.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

**LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

**MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**MARKET VALUE.** The price at which a security can be traded.

**MARKING TO MARKET.** The process of posting current market values for securities in a portfolio.

**MATURITY.** The final date upon which the principal of a security becomes due and payable.

**MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest

payments made on the mortgage are passed through to the holder of the security.

**MUNICIPAL SECURITIES.** Securities issued by state and local agencies to finance capital and operating expenses.

**MUTUAL FUND.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO).**

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

**NEGOTIABLE CD.** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**PREMIUM.** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**PREPAYMENT SPEED.** A measure of how quickly principal is repaid to investors in mortgage securities.

**PREPAYMENT WINDOW.** The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

**PRIMARY DEALER.** A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

**PRUDENT PERSON (PRUDENT INVESTOR) RULE.** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**REALIZED YIELD.** The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

**REGIONAL DEALER.** A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

(Redline)

**REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

**STRUCTURED NOTE.** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**SUPRANATIONAL.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

**TOTAL RATE OF RETURN.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. TREASURY OBLIGATIONS.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**TREASURY BILLS.** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES.** All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**TREASURY BONDS.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**VOLATILITY.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**YIELD TO MATURITY.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.



September 30, 2025

Mr. Ray McCray, Treasurer  
City of Tracy  
333 Civic Center Plaza  
Tracy, CA 95376

Dear Ray,

The Chandler Team has completed our review of City of Tracy's investment policy. The City of Tracy investment policy continues to be well-written and effective for the management of the City's funds. Chandler Asset Management is recommending one modification to the policy to meet best practice. Please find a brief summary of the changes below:

- **Update to eligible authorized financial institutions, depositories, and broker dealer's section:**  
California Government Code Section 53601.5 describes the types of financial institutions that California local governments may transact with when placing investments. We recommend the City update the list and language to be more accurate, including code citation.
- **Authorized Investments:**
  - A revision to the Municipal Securities section to differentiate investments outside of California from investments within California. Investments in State obligations are allowed from all 50 States, however, investments in local government obligations are only allowed from local agencies within California, not other States. This update clarifies this point.
  - Updating language throughout the authorized investment section to reflect "total" portfolio when referencing maximum thresholds per security type to create greater clarity on how the thresholds are measured.
  - Renamed CDARs section to Placement Services Deposits to reflect an update to code on this broader category. AB 2618, effective 1/1/2025 and sunseting on 1/1/2031, limits the maximum exposure to this type of investment temporarily and this update reflects this change in law and with a more accurate section title.
  - Replacing LAIF section and LGIP section with one combined and updated section. The new, expanded section more effectively addresses all current and potential LGIP use by the city, in one consolidated segment. The updated language is our suggestion at best practice that includes references to all three types of LGIPs defined by the Municipal Securities Rulemaking Board (MSRB) with government code references for clarity and accuracy.
- **Prohibited Investments:**  
A prohibition on securities with a forward settlement date exceeding 45 days from the time of investment was added to align with code and to protect the City from questionable investment practices.



Please do not hesitate to contact us with any questions you may have, or if further review is needed.

Sincerely,

Steve Huntley, CPFO  
Senior Portfolio Strategist  
Chandler Asset Management

Agenda Item 3.C.

RECOMMENDATION

Staff recommends that the Tracy Finance Committee receive an informational report and provide feedback on the allocation of interest earned on City funds.

EXECUTIVE SUMMARY

Staff has prepared an informational report to the Tracy Finance Committee (Committee) on the allocation of interest earned on City funds following a request to revisit the allocation of interest to the Measure V fund.

BACKGROUND AND LEGISLATIVE HISTORY

At the March 2025 Finance Committee meeting, staff discussed interest allocation with the Committee. The Committee did not recommend any changes to the allocation model.

On September 2, 2025, during the Measure V Committee's annual report, a request was made by the Council for interest allocation to the Measure V fund to be discussed again with the Finance Committee.

The City of Tracy earns interest on funds that are invested by the City Treasurer. Cash held by the City is invested in alignment with the City's adopted investment policy and the interest earned on those investments are then allocated proportionally to City funds. The City follows best practices issued by the Government Finance Officers of America (GFOA) and requirements issued by Governmental Accounting Standards Board (GASB). GASB 31 requires investments to be reported at fair value and that any changes in fair value be reported as revenue or revenue reductions. Fair value is the amount at which an investment could be sold in a current transaction between willing parties, other than a forced or liquidation sale.

ANALYSIS

In recent years, rising interest rates, along with the maturation of the City's longer-term investments and the unique situation of holding a large balance in Measure V for a capital project that has yet to begin, have significantly boosted the City's overall interest earnings. In contrast, during periods of lower interest rates in prior years, the City more frequently experienced losses in the fair market value of its investment portfolio.

The objectives of the City's investment program are highlighted in the Council adopted investment policy. The priorities are, in order of priority, to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market rate of return.

The City's investment strategy is monitored by the City Treasurer and includes a mixture of short-term investments that can be obtained within 24 hours to pay City obligations and longer-term investments, with the average length of the portfolio at 1.94 years.

The City's interest allocation model allocates interest earned to City operating funds and does not allocate interest to the City's capital improvement funds. This model allows for the risk of any loss on fair market value to be captured at the City's operating fund level, rather than at the Capital fund level. Capital funds are used for large capital projects, budgeted in the amount needed to complete the project. In most cases, cash is not transferred to a Capital fund until needed for project expenses. If cash were held in the Capital funds and there was a loss on fair market value, a liability against the project budget could occur.

In the instance of the Measure V fund, there is currently a large balance of capital projects budgeted, but not yet under construction. The cash for those projects remains in the General fund until contracts are awarded and funds are expected to be expended.

In preparing this informational report to the Committee, staff consulted with their external auditor to confirm adherence to best practices. The external auditor has confirmed that, although the City could change its model to allocate interest to capital funds, maintaining consistency is a key best practice. It is not recommended that the City change its allocation model to allocate interest to capital funds when interest rates are higher and revert the approach when rates decline and a negative fair market value arises.

Consistent with the auditor's recommendation and to ensure safety and transparency of the funds, staff recommends providing an annual report out to Council detailing the amount of interest earned attributed to Measure V. At that time, Council would decide whether to transfer those funds from the General Fund to the Measure V fund. This approach mitigates risk to the Measure V fund in the event there is negative fair market value during any fiscal year.

#### FISCAL IMPACT

While this report is informational, investment earnings contribute to the funds available for City operations.

#### STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

#### ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report and provide feedback on the allocation of interest earned on City funds.

Prepared by: Sara Castro, Director of Finance

Reviewed by: L. David Nefouse, City Attorney

Approved by: Midori Lichtwardt, City Manager