C/CAG
CITY/COUNTY ASSOCIATION OF GOVERNMENTS
Of San Mateo County

Board of Directors Agenda Report

To: **Kaki Cheung, Acting Executive Director**
From: **Paul Harris, Financial Services Manager**
Date: **August 27, 2026**

SUBJECT: Quarterly Investment Report as of June 30, 2026

RECOMMENDATION:
It is recommended that the C/CAG Board review and accept the Quarterly Investment Report.

ANALYSIS:
The attached investment report (Attachment 1) indicates that on June 30, 2026, funds in the amount of $33,657,924 were invested producing a weighted average yield of 3.90%. Of the total investment portfolio, 58.0% of funds were invested in the Local Agency Investment Fund (LAIF) and 42.0% in the San Mateo County Investment Pool (COPOOL) at the end of the quarter. On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate, net of administrative fees, of LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided Staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate. These recommended percentages are within the range specified by the C/CAG Board. The actual portfolio mix also reflects the Board approved percentages. Accrued interest earnings for this quarter totaled $321,078.

Below is a summary of the changes from the prior quarter:

	Qtr Ended 06/30/2026	Qtr Ended 03/31/2026	Increase (Decrease)
Total Portfolio	$ 33,657,924	$ 35,223,272	$ (1,565,348)
Weighted Average Yield	3.90%	3.92%	-0.02%
Accrued Interest Earnings	$ 321,078	$ 334,651	$ (13,573)

The portfolio balance declined by $1.57 million compared to the prior quarter. This reduction was primarily driven by Smart Corridor expenditures associated with the Northern Expansion project, along with timing differences in Measure M and Congestion Relief & Management revenue receipts and related invoices. In addition, a small decrease in interest rates contributed to a slight reduction in accrued earnings.

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis to ensure that C/CAG's investment portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements. As of June 30, 2026, the portfolio contains sufficient liquidity to meet at least the next six months of expected expenditures by C/CAG.

All investments are in compliance with the Investment Policy. Attachment 2 shows a historical comparison of the portfolio for the past nine quarters.

The primary objective of the investment policy of C/CAG remains to be SAFETY OF PRINCIPAL. The permitted investments section of the investment policy also states:

> *Local Agency Investment Fund (LAIF) which is a State of California managed investment pool, and San Mateo County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when they are part of the list of authorized investments.*

The Investment Advisory Committee has reviewed and approved the attached Investment Report.

Attachments
1 – Investment Portfolio Summary for the Quarter June 30, 2026
2 – Historical Summary of Investment Portfolio