CITY OF SOUTH PASADENA
FINANCE COMMISSION

AGENDA
REGULAR MEETING
THURSDAY, AUGUST 27, 2026, AT 6:30 p.m.
AMEDEE O. "DICK" RICHARDS JR. COUNCIL CHAMBERS
1424 MISSION STREET, SOUTH PASADENA, CA 91030

South Pasadena Finance Commission Statement of Civility

As your appointed governing board, we will treat each other, members of the public, and city employees with patience, civility, and courtesy as a model of the same behavior we wish to reflect in South Pasadena for the conduct of all city business and community participation. The decisions made today will be for the benefit of the South Pasadena community and not for personal gain.

NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY

The South Pasadena Finance Commission Meeting will be conducted in person from the Amedee O. "Dick" Richards, Jr. Council Chambers, located at 1424 Mission Street, South Pasadena, CA 91030.

The Meeting will be available:

- In Person – Council Chambers, 1424 Mission Street, South Pasadena, CA 91030
- Via Zoom – Meeting ID: Webinar ID 818 4863 7794
- Written Public Comment – written comment must be submitted by 12:00 p.m. the day of the meeting by emailing to fcpubliccomment@southpasadenaca.gov

The meeting may be viewed at:

1. Go to the Zoom website, https://zoom.us/join, and enter the Zoom Meeting information; or
2. Click on the following unique Zoom meeting link: https://us06web.zoom.us/j/81848637794
3. You may listen to the meeting by calling: +1-669-900-6833 and entering the Zoom Meeting ID (818 4863 7794).

CALL TO ORDER:	Chair	Nevin Stanton-Trehan
ROLL CALL:	Commissioner	Peter Giulioni Jr.
	Commissioner	Y-Le Ho
	Commissioner	Renee Rubin
	Vice-Chair	Cynthia Quade

	Chair	Nevin Stanton-Trehan
COUNCIL LIAISON:	Councilmember	Janet Braun
ELECTED TREASURER:	City Treasurer	Zhen Tao

PUBLIC COMMENT GUIDELINES *(Public Comments are limited to 3 minutes)*
The City welcomes public input. Members of the public can comment on a non-agenda subject under the jurisdiction of the Commission or on an agenda item. You may participate in one of the following options:

Option 1:
Participate in person at the Amedee O. “Dick” Richards, Jr. Council Chambers.

Option 2:
Public Comment speakers have three minutes to address the Commission; however, the Chair and Commission can adjust time allotted as needed. Participants will be able to “raise their hand” using the Zoom icon during the meeting, and they will have their microphone unmuted during the comment portions of the agenda to speak.

Option 3:
Email public comment(s) to fcpubliccomment@southpasadenaca.gov
Public Comments received in writing will not be read aloud at the meeting but will be part of the meeting record. Written public comments will be uploaded online for public viewing under Additional Documents. There is no word limit on emailed Public Comment(s). Please make sure to indicate:

1. Name (optional)
2. Agenda item you are submitting public comment on.
3. Submit no later than 12:00 p.m. on the day of the Commission meeting.

PLEASE NOTE: The Chair may exercise the Chair's discretion, subject to the approval of the majority of the Commission, to adjust public comment(s) to less than three minutes.

NOTE: Pursuant to State law, the Commission may not discuss or take action on issues not on the meeting agenda, except that members of the Commission or staff may briefly respond to statements made or questions posed by persons exercising public testimony rights (Government Code Section 54954.2). Staff may be asked to follow up on such items.

PUBLIC COMMENT

1. **PUBLIC COMMENT– GENERAL (NON-AGENDA ITEMS)**

The General Public Comment will be limited to 30 minutes at the beginning of the agenda. If there are speakers remaining in the queue, they will be heard at the end of the meeting. Only Speakers who sign up in the first 30 minutes of public comment will be queued up to speak.

CONSENT CALENDAR OPPORTUNITY TO COMMENT ON CONSENT
Items listed under the Consent Calendar are considered routine in nature and will be enacted by motion unless a public comment has been received or a commissioner request otherwise, in which case the item will be removed for separate consideration.

2. **RECEIVE AND FILE MINUTES FROM THE REGULAR MEETING ON JULY 23, 2026**

   Recommendation:
   It is recommended that the commission approve the minutes of the Regular Finance Commission meeting held on July 23, 2026.

3. **RECEIVE AND FILE THE TREASURER'S REPORT FOR THE MONTH ENDING JUNE 30, 2026**

   Recommendation:
   It is recommended that the Finance Commission accept the Treasurer's Report for the month ending June 30, 2026, for information purposes only.

ACTION/DISCUSSION

4. **RECEIVE AND FILE AND UPDATE ON THE CITY'S GRANT POLICY, STATUS OF GRANT APPLICATIONS, CURRENT GRANT FUNDED PROJECTS, AND STATUS OF GRANT REIMBURSEMENT COLLECTIONS**

   Recommendation:
   a. Receive an informational report on the City's grant policies, procedures, and updated practices; and
   b. Provide feedback for staff.

5. **DISCUSSION OF OTHER POST EMPLOYMENT BENEFITS AND SECTION 115 TRUST PROGRAM**

   Recommendation:
   a. Receive an informational report on the City's Other Postemployment Benefits (OPEB) and Section 115 Trust Programs; and
   b. Provide recommendation regarding program options and next steps

COMMUNICATIONS

6. **CITY COUNCIL LIAISON COMMUNICATIONS**

7. **STAFF LIAISON COMMUNICATIONS**

8. COMMISSIONER COMMUNICATIONS

ADJOURNMENT

FOR YOUR INFORMATION

FUTURE CITY FINANCE COMMISSION MEETINGS

Thursday, September 24, 2026	Regular Meeting	6:30 p.m.
Thursday, October 22, 2026	Regular Meeting	6:30 p.m.
Thursday, November 26, 2026	Holiday	6:30 p.m.
Thursday, December 10, 2026	Regular Meeting	6:30 p.m.

PUBLIC ACCESS TO AGENDA DOCUMENTS

Commission meeting agenda packets, any agenda-related documents, and additional documents are available online for public inspection on the City's website: https://www.southpasadenaca.gov/Home.

Meeting recordings will be available for public viewing after the meeting. Recordings will be uploaded to the City's YouTube Channel no later than the next business day after the meeting. The City's YouTube Channel may be accessed at: https://www.youtube.com/channel/UCnR169ohzi1AIewD_6sfwDA/featured

ACCOMMODATIONS

The City of South Pasadena wishes to make all of its public meetings accessible to the public. If special assistance is needed to participate in this meeting, please contact the City Clerk's Division at (626) 403-7230 or CityClerk@southpasadenaca.gov. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Notification at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

CERTIFICATION OF POSTING

I declare under penalty of perjury that I posted this notice of agenda for the meeting to be held on Thursday, August 27, 2026, on the bulletin board in the courtyard of City Hall located at 1414 Mission Street, South Pasadena, CA 91030, and on the City website as required by law, on the date listed below.

8/20/2026 /S/

Date Tatiana Fernandez, Management Analyst

Finance Commission Agenda Report

ITEM NO. 2

DATE: August 27, 2026

FROM: Nick Kimball, Assistant City Manager/CFO

PREPARED BY: Tatiana Fernandez, Management Analyst

SUBJECT: RECEIVE AND FILE MINUTES FROM THE REGULAR MEETING ON JULY 23, 2026

RECOMMENDATION
It is recommended that the commission approve the minutes of the Regular Finance Commission meeting held on July 23, 2026.

EXECUTIVE SUMMARY
Attached for the Finance Commission's consideration and approval are meeting minutes and are hereby included as attachments to this staff report.

BACKGROUND
The staff liaison or designee for the Finance Commission is responsible for producing meeting minutes for the Commission meetings.

ANALYSIS
The staff liaison or designee prepares meeting minutes, which serve as the official written record of what actions the Finance Commission took at a particular meeting, such as motions, votes, and direction, without including the detailed discussion. The purpose of meeting minutes is to provide a clear and permanent record of the Commission's actions for the public, staff, and legal purposes. The Finance Commission adopts minutes from prior meetings to confirm that the record is accurate and complete. Even if a Commissioner was not present at the meeting, they may still vote to approve the minutes, since the minutes serve as the official record of the Commission as a whole, not of individual attendance or opinions.

FISCAL IMPACT
None

ATTACHMENT
Attachment No. 1 – Regular Finance Commission Meeting Minutes for July 23, 2026

CITY OF SOUTH PASADENA
FINANCE COMMISSION

MINUTES
REGULAR MEETING
THURSDAY, JULY 23, 2026, AT 6:30 p.m.

CALL TO ORDER:
The Meeting of the South Pasadena Finance Commission was called to order by Chair Stanton-Trehan, on Thursday, July 23, 2026, at the Amedee O. "Dick" Richard Jr. Council Chambers, 1424 Mission Street, South Pasadena.

ROLL CALL:

PRESENT	Chair	Nevin Stanton-Trehan
	Vice-Chair	Cynthia Quade
	Commissioner	Y-Le Ho
	Commissioner	Renee Rubin
ABSENT	Commissioner	Peter Giulioni Jr.

Tatiana Fernandez, Management Analyst, announced a quorum.

DIGNITARIES AND CITY STAFF PRESENT:

Councilmember Janet Braun and Nick Kimball, Assistant City Manager/CFO, were present at Roll Call.

PUBLIC COMMENT

1. **PUBLIC COMMENT– GENERAL (NON-AGENDA ITEMS)**

   In-Person Comments: None

   Zoom Comments: None

CONSENT CALENDAR OPPORTUNITY TO COMMENT ON CONSENT

Item No. 4 was pulled by Assistant City Manager/CFO.

A motion by Vice-Chair Quade, seconded by Commissioner Rubin, to approve the consent calendar except Item No. 4. The motion was approved by the following roll call:

AYES:	Commissioners Ho, Rubin, Vice-Chair Quade, Chair Stanton-Trehan
NOES:	None
ABSENT:	Commissioner Giulioni

2. RECEIVE AND FILE MINUTES FROM THE REGULAR MEETING ON MAY 14, 2026

Recommendation:
It is recommended that the Commission approve the minutes of the Special Finance Commission meeting held on May 14, 2026.

A motion was made to approve the recommendation on the Consent Calendar.

3. RECEIVE AND FILE THE TREASURER'S REPORT FOR THE MONTH ENDING MAY 31, 2026

Recommendation:
It is recommended that the Finance Commission accept the Treasurer's Report for the month ending May 31, 2026, for information purposes only.

A motion was made to approve the recommendation on the Consent Calendar.

4. RECEIVE AND FILE THE MONTHLY BUDGET REPORT FOR THE MONTH ENDING MAY 31, 2026

Recommendation:
It is recommended that the Finance Commission receive and file the monthly budget report through May 31, 2026.

Assistant City Manager/CFO provided a brief update on the Monthly Budget Report for the period ending May 31, 2026. The report was updated to reflect budget adjustments made during the year when the Human Resources Department separated from Finance as a standalone department, and to provide an overview of the quarterly sales tax analysis provided by HDL Companies (HDL) as an attachment.

Expenditures are running slightly below budget targets, and the City anticipates finishing the fiscal year modestly under budget on the expenditure side. Revenues are tracking on budget. Some revenues collected in July through September will be accrued back to Fiscal Year 2025-2026, and full accounting will be provided in the year-end closing report.

Regarding the quarterly sales tax report provided by HDL, the City’s top sales tax revenue sources are restaurants, the county-wide internet sales pool, and fuel stations, reflecting the City's primarily food-based local economy.

During discussion, the commission asked about capital expenditures seeming under budget. The Assistant City Manager/CFO explained that capital spending is significantly below budget due to encumbrances for the IT project and consultants for the implementation of the Customer Success Center, which are funded in the current fiscal year but will be expended in FY 2026-2027 as the project is implemented.

The Commission asked about the City's cash and investment position and whether surplus funds might be invested. July is the City's highest cash outflow month, with approximately $15 million in obligations due, which include the annual CalPERS pension prepayment of approximately $6 million and annual insurance premiums of approximately $3.5 million. The City aims to remain highly liquid through July, August, and September, and the investment of surplus cash will be reviewed once the cash position stabilizes in the fall.

A motion by Vice-Chair Quade, seconded by Commissioner Ho to approve Item No. 4. The motion was approved by the following roll call vote:

AYES:	Commissioners Ho, Rubin, Vice-Chair Quade, Chair Stanton-Trehan
NOES:	None
ABSENT:	Commissioner Giulioni

ACTION/DISCUSSION

5. DISCUSSION REGARDING YEAR-END CLOSING PROCESS AND AUDIT SCHEDULE

Recommendation:
It is recommended that the Finance Commission receive and file this informational report as it relates to the City's year-end closing process and audit schedule for Fiscal Year 2025-26.

The City performs a "soft close" each month as part of its regular accounting cycle, and the year-end is a "hard close." At year-end, all transactions are recorded, and the audit can begin. No additional postings can be made to that fiscal year. Any subsequent adjustments are recorded as restatements in the following year. The City has 60 days after June 30 to review and post all transactions to the correct fiscal year, making the year-end process more involved than a standard monthly close.

There are seven primary areas of year-end activity, distinguishing between work performed throughout the year and tasks that can only be completed at fiscal year-end:

- Revenue and Expenditure Accruals: At year-end, staff perform an accrual cutoff review by tracing invoices and receipts processed in July and August to confirm they are recorded in the correct fiscal year.
- Bank Reconciliations and Investment Valuations: Monthly bank and investment reconciliations are carried out throughout the year. At year-end, the fair value mark-to-market measurement of the City's investment portfolio is required under GAAP, which is calculated as of June 30.
- Capital Assets: At year-end, staff reconciles the full capital asset sub-ledger to the general ledger, confirms physical inventory counts of parts and materials on hand, and finalizes depreciation and useful life schedules for the annual financial statements.
- Debt Service and Long-Term Liabilities: At year-end, staff records the full long-term liability for compensated absences, valued at each employee's year-end hourly rate, as well as pension, retiree health (OPEB), workers' compensation, and general liability liabilities, based on independent actuarial valuations performed annually or biennially.
- Payroll and Benefits: At year-end, staff records the net pension liability and OPEB obligation based on the most current actuarial reports.
- Period Close and Hard Close: The final financial statements reflect the cumulative activity of Periods 1 through 13. At year-end, the "hard close" locks

all 12 accounting periods. If the auditor identifies adjustments, those are recorded in Period 13, keeping the 12 monthly periods clean.

- Audit Preparation: Staff prepares the "Prepared by Client" (PBC) schedules covering all major balance sheet and income statement line items, investment valuations, and actuarial entries.

The Fiscal Year 2025-2026 Audit Timeline:

- May 2026: Interim audit procedures are completed.
- July – August 2026: Departments complete closing activities.
- August – September 2026: Audit schedule and PBC documentation are finalized by the Finance Department.
- September – October 2026: Auditor on-site fieldwork.
- November 2026: Draft financial statements are prepared.
- December 2026: The goal is to present to the Finance Commission and City Council before submitting the final ACFR for the Certificate of Achievement in Financial Reporting to GFOA.

GFOA has a hard deadline to submit the ACFR by December 31. The goal is to present the ACFR in December to the Commission and City Council, but it is subject to change, mainly due to a shift in the audit timeline. If there are schedule delays, this may push the ACFR presentation to January, consistent with prior years.

A commissioner asked whether staff maintains a real-time tracker of year-end adjustments to monitor budget variances. Finance staff maintains a comprehensive closing checklist and noted that July is primarily a month of follow-up. During this month, departments submit final invoices, inventory data, and other year-end inputs, which require monitoring and follow-up by the Finance team. The year-end position typically emerges by late August. In September, the Accounting Manager/Controller may be able to provide an update on the audit status.

The Commission was advised that budget reports for July and August will be less meaningful than typical monthly reports due to the volume of accrual reversals, journal entries between fiscal years, and other year-end adjustments that create unusual activity in the early months of the new fiscal year. The June budget report will be delayed and is not expected to be available until the September meeting.

COMMUNICATIONS

6. CITY COUNCIL LIAISON COMMUNICATIONS

Councilmember Braun suggested two future agenda topics for Commission consideration: (1) a presentation on the City's Other Post-Employment Benefits

(OPEB) liability and where those obligations currently stand; and (2) an overview of the City's outstanding debt, including a discussion of the potential refunding of the City's water bond.

7. STAFF LIAISON COMMUNICATIONS

None

8. COMMISSIONER COMMUNICATIONS

Vice Chair Quade thanked the Finance Department team for the quality of the budget reports and expressed appreciation for the Commission's ongoing educational approach to agenda topics. Chair Stanton-Trehan echoed these remarks, congratulating the leadership team for the significant progress in financial transparency, budget management, and departmental culture over the past several years, noting that the Commission operates with a high degree of confidence in leadership and communication.

ADJOURNMENT

There being no further matters, Chair Stanton-Trehan adjourned the meeting at 7:04 p.m. to Thursday, July 23, 2026, at the City Council Chamber.

Finance Commission Agenda Report

ITEM NO. 3

DATE: August 27, 2026

FROM: Nick Kimball, Assistant City Manager/CFO

PREPARED BY: Mark Siegfried, Accounting Manager/Controller

SUBJECT: RECEIVE AND FILE THE TREASURER'S REPORT FOR THE MONTH ENDING JUNE 30, 2026

Recommendation

It is recommended that the Finance Commission accept the Treasurer's Report for the month ending June 30, 2026, for information purposes only.

Background

The Treasurer's Report is presented monthly to provide an overview of the organization's current financial status, including revenues, expenditures, account balances, and budget performance. This report supports transparency and accountability by informing the Finance Commissions of financial activities since the previous reporting period and identifying any significant variances, upcoming obligations, or financial considerations requiring attention.

The Treasurer reviews financial records and reconciliations to ensure accurate reporting and compliance with organizational policies and approved budgets. The report may also include recommendations related to financial planning, reserves, investments, or budget adjustments for City Council consideration.

Discussion/Analysis

Below is a summary of cash and investments as of June 30, 2026:

Account Type	Cost	Percentage of investment Portfolio	Market Value	In Compliance with Investment Policy
Bank Accounts				
BMO (Operating Account)	$ 13,743,883		$ 13,743,883	N/A
BNY Mellon (Bond Reserve)	189,309		189,309	N/A
Total Bank Accounts	13,933,192		13,933,192	
Investments				
Local Agency Investment Fund	32,353,827	32.20%	32,353,827	Yes
Money Market	302,498	0.30%	302,498	Yes
Corporate Bonds	16,588,101	16.51%	16,516,706	Yes
Municipal Bonds Taxable	3,573,671	3.56%	3,551,416	Yes
US Obligations	2,071,083	2.06%	2,067,347	Yes
US Treasury Notes & Bonds	31,664,784	31.51%	31,278,279	Yes
GNMA CMO REMIC	635,821	0.63%	619,850	Yes
Asset-Backed Securities	10,252,107	10.20%	10,202,207	Yes
Corp. Floating Rate	315,682	0.31%	321,958	Yes
Gov't Agency Mortgage Pool	1,056,794	1.05%	1,054,705	Yes
Government CMO	1,673,038	1.66%	1,653,061	Yes
Total Investments	100,487,407	100.00%	99,921,853	Yes
Total Cash and Investments	$ 114,420,599		$ 113,855,045	

Below is a summary of revenues, expenditures and net cash flow during Fiscal Year 2025-26:

	Revenues (unaudited)	
	FY25-26	**FY24-25**
July	$ 390,892	$ 1,620,845
August	2,820,318	2,775,981
September	4,705,855	3,843,799
October	4,589,800	3,897,383
November	3,841,716	4,727,958
December	14,122,020	21,486,331
January	9,513,512	7,672,299
February	4,883,911	4,295,860
March	6,813,187	3,713,688
April	10,711,049	8,865,619
May	8,394,937	7,811,819
June	8,606,132	35,208,710

	Expenditures (unaudited)	
	FY25-26	**FY24-25**
July	$ 8,373,083	$ 7,645,811
August	4,762,976	4,783,899
September	6,341,874	6,767,913
October	5,095,166	3,775,587
November	4,566,666	3,590,151
December	5,621,258	8,175,123
January	6,446,421	5,480,207
February	6,560,199	4,683,345
March	12,929,233	4,638,892
April	5,751,121	3,868,864
May	5,535,892	4,110,203
June	11,592,607	36,590,389

	Net Cash Flow (unaudited)	
	FY25-26	**FY24-25**
July	$ (7,982,191)	$ (6,024,965)
August	(1,942,658)	(2,007,918)
September	(1,636,019)	(2,924,113)
October	(505,366)	121,796
November	(724,950)	1,137,807
December	8,500,762	13,311,208
January	3,067,091	2,192,093
February	(1,676,288)	(387,485)
March	(6,116,046)	(925,205)
April	4,959,928	4,996,754
May	2,859,045	3,701,616
June	(2,986,475)	(1,381,679)

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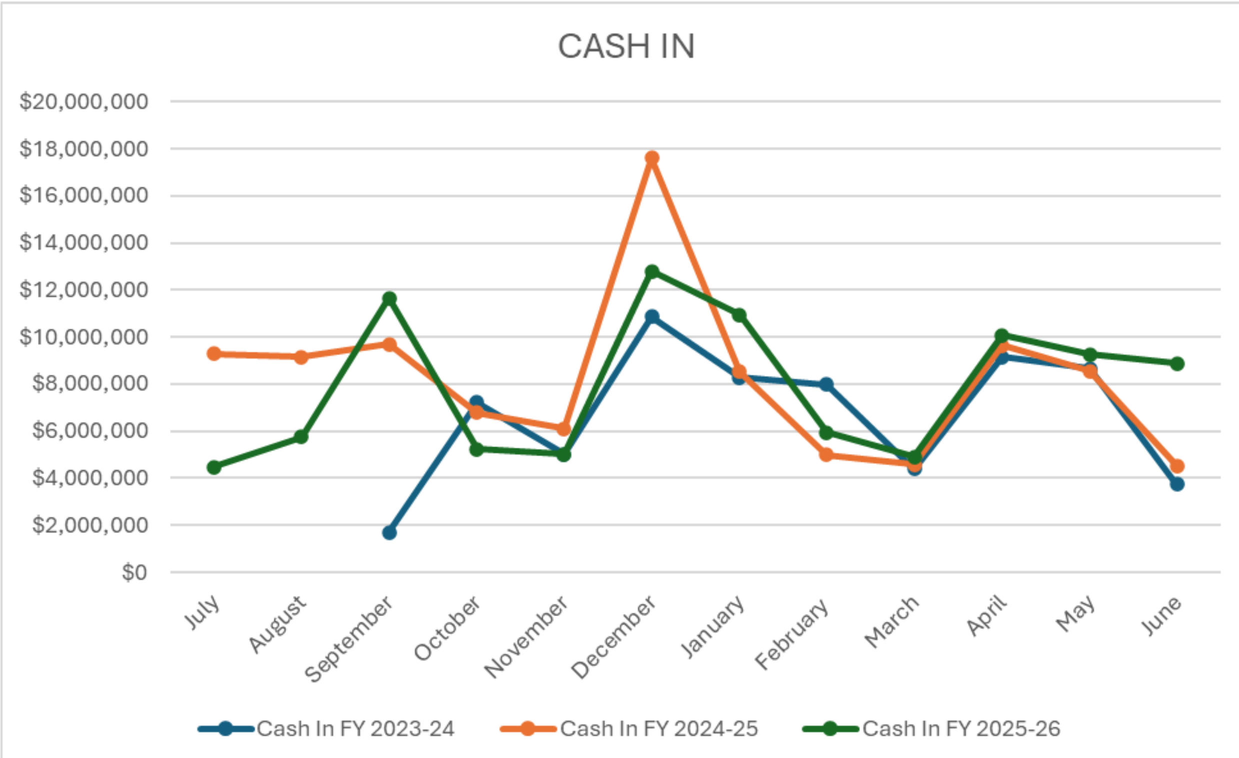
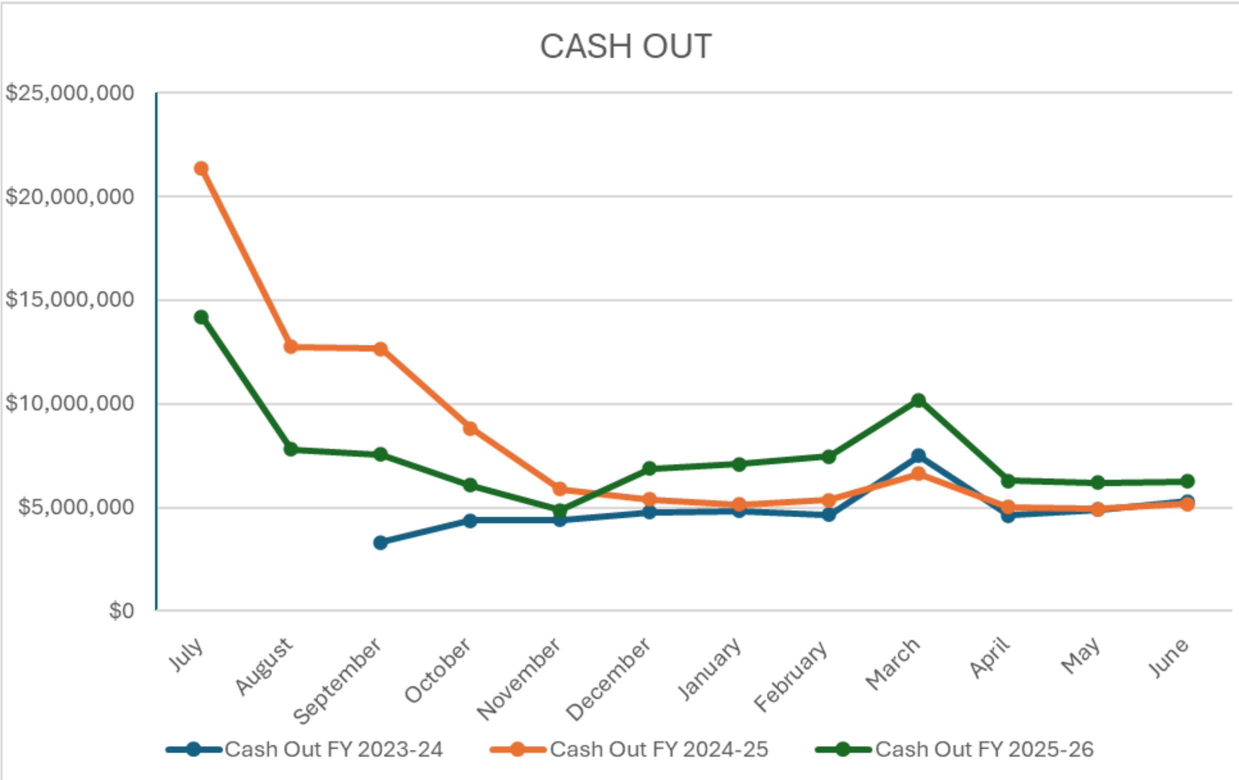


* LAIF transfer Ins and Outs have been removed from this chart

** Cash In For June 2026 is higher than normal due to a $4.3M general liability claim reimbursement being received in late June 2026.



* LAIF transfer Ins and Outs have been removed from this chart

Alternatives Considered

1. No alternatives considered. This is a receive and file report.

Next Steps

1. Finance Commission and City Council to accept the Treasurer's Report for the month ending June 30, 2026

Fiscal Impact

The City's expenditure requirements for the next six months are covered by anticipated revenues from City operations and liquidity from maturing investments. The difference between market value and cost as of June 30, 2026, will be reflected in the City's financial statements for Fiscal Year 2025-26 as an adjustment to interest income for each of the City's funds on a pro rata basis as required by Governmental Accounting Standards Board Statement Number 31. The change in market value is considered temporary in nature, as the City mostly holds its investments until maturity, when they can be redeemed at par value.

Attachment(s)

Attachments:

1. Exhibits A Through F
2. Zions Bank Statement For the Month Ended June 30, 2026

Exhibit A

City of South Pasadena

INVESTMENT REPORT

June 30, 2026

Investment Balances at Month End

INSTITUTION NAME	MATURITY DATE	YIELD[1]	PERCENT OF PORTFOLIO	COST	CURRENT MARKET VALUE *
LOCAL AGENCY INVESTMENT FUND:					
LAIF City	ON DEMAND	3.816%	32.20%	32,353,827	32,353,827
SUBTOTAL			32.20%	$ **32,353,827**	$ **32,353,827**
ZIONS BANK					
Money Market	See Exhibit B-1	3.283%	0.30%	302,498	302,498
Corporate Bonds	See Exhibit B-1	4.419%	16.51%	16,588,101	16,516,706
Municipal Bonds Taxable	See Exhibit B-1	3.833%	3.56%	3,573,671	3,551,416
U.S. Obligations	See Exhibit B-1	4.001%	2.06%	2,071,083	2,067,347
U.S. Treasury Notes & Bonds	See Exhibit B-1	3.804%	31.51%	31,664,784	31,278,279
GNMA CMO REMIC	See Exhibit B-1	4.140%	0.63%	635,821	619,850
Asset-Backed Securities	See Exhibit B-1	4.618%	10.20%	10,252,107	10,202,207
Corp Floating Rate	See Exhibit B-1	3.630%	0.31%	315,682	321,958
Government Agency Mortgage Pool	See Exhibit B-1	4.217%	1.05%	1,056,794	1,054,705
Government CMO	See Exhibit B-1	4.121%	1.66%	1,673,038	1,653,061
SUBTOTAL			67.80%	**68,133,580**	**67,568,025**
TOTAL INVESTMENTS			**100.00%**	**100,487,407**	**99,921,853**

BANK ACCOUNTS:		
BMO (formerly Bank of the West) Accounts Balance	$	13,743,883
BNY Mellon Uninvested Cash Balance[2]	$	189,309

Footnotes:

[1] Yield on LAIF and Zions Money Market is based on Current Yield. Yield on investments held at Zions Bank is based on Yield to Worst (YTW).

[2] The BNY Mellon Uninvested Cash Balance is information-only as it is funds intended for 2016 Water Revenue Bond.

Required Disclosures:

Average weighted maturity of the portfolio at Zions Bank		1,051	DAYS
Average weighted maturity of the portfolio at LAIF		269	DAYS
Average weighted total yield of the portfolio		3.963%	
Projected Expenditures for the next 6 months:			
Projected with Average of Year to Date Expenses	$	43,128,933	***
Projected with FY 2025-26 Adopted Budget:	$	43,029,257	

* Current market valuation is required for investments with maturities of more than twelve months.
**Differences between projected average and projected adopted is partly due to unspent CIP funds

*** 12-month CPI (All items - old base in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted) rate from June 2026

In compliance with the California Government Code Section 53646, as the City Treasurer of the City of South Pasadena, based on the information provided I hereby identify that the City is able to meet its expenditure requirements for the next six months and that all investments are in compliance to the City's Statement of Investment Policy.
I also certify that this report reflects all Government Agency pooled investments and all City's bank balances.

DRAFT

Zhen Tao, City Treasurer

Date

Exhibit B-1

City of South Pasadena
Investments held at Zions Bank (managed by Payden & Rygel beginning June 1, 2025)
June 30, 2026

Issuer	CUSIP	Par Value	Coupon Rate	Maturity Date	Price per Stmnt	Cost	Market Value	Yield or YTW[1]
Money Market								
Fidelity Gov Port III FCGXX	316175603	302,498	3.283%	N/A	100.00%	302,498	302,498	3.28%
Subtotal Corporate Bonds		**302,498**				**302,498**	**302,498**	**3.28%**
Corporate Bonds (30/360)								
Fifth Third Bk Cincinnati S	31677QBU2	650,000	4.967%	01/28/2028	100.26%	654,394	651,671	4.95%
Huntington National Bank MA	44644MAK7	300,000	4.871%	04/12/2028	100.22%	301,917	300,655	4.86%
Truist Finl Corp	89788MAG7	300,000	4.123%	06/06/2028	99.64%	298,689	298,913	4.14%
Truist Bk	89788JAF6	250,000	4.420%	07/24/2028	99.90%	250,000	249,741	4.42%
Toyota Mtr Cr Corp	89236TNR2	340,000	4.050%	09/05/2028	99.32%	339,582	337,681	4.08%
Southern Co Gas Cap	8426EPAJ7	110,000	4.050%	09/15/2028	98.98%	109,878	108,880	4.09%
Georgia Pwr Co	373334LC3	205,000	4.000%	10/01/2028	99.03%	204,895	203,016	4.04%
Abbvie Inc	00287YBF5	400,000	4.250%	11/14/2028	99.66%	396,278	398,648	4.26%
Caterpillar Finl Svcs	14913UBD1	335,000	3.950%	11/14/2028	99.06%	334,822	331,861	3.99%
Amphenol Corp	032095AX9	160,000	3.900%	11/15/2028	98.83%	159,827	158,120	3.95%
American Honda Fin Corp	02665WGR6	60,000	4.150%	01/08/2029	98.84%	59,995	59,306	4.20%
Alphabet Inc	02079KBJ5	235,000	3.700%	02/15/2029	98.41%	234,147	231,266	3.76%
Waste Mgmt Inc Del	94106LBV0	620,000	4.875%	02/15/2029	101.06%	624,310	626,565	4.82%
Eaton Corp Ohio	278058DW9	200,000	3.950%	03/06/2029	98.60%	199,832	197,210	4.01%
Baker Hughes Hldgs LLC	05724BAL3	80,000	4.050%	03/11/2029	98.61%	79,966	78,890	4.11%
Amazon Com Inc	023135DC7	345,000	4.000%	03/13/2029	99.05%	344,962	341,708	4.04%
MARSH SR GLBL NT 29	571748BG6	629,000	4.375%	03/15/2029	99.64%	615,936	626,736	4.39%
Salesforce Inc	79466LAR5	350,000	4.650%	03/15/2029	99.99%	349,923	349,950	4.65%
Morgan Stanley	61747YFY6	700,000	4.994%	04/12/2029	100.57%	708,904	703,973	4.97%
Goldman Sachs Group Inc	38141GWV2	700,000	3.814%	04/23/2029	98.45%	688,114	689,123	3.87%
Jpmorgan Chase & Co	46647PAR7	645,000	4.005%	04/23/2029	98.93%	637,701	638,129	4.05%
Wells Fargo & Co	95000U3T8	700,000	4.970%	04/23/2029	100.51%	709,128	703,589	4.94%
American Express Co	025816CW7	650,000	4.050%	05/03/2029	99.08%	636,597	644,040	4.09%
Eli Lilly & Co	532457DK1	125,000	4.150%	05/20/2029	99.52%	124,926	124,405	4.17%
PNC Finl Svcs Group Inc	693475BR5	300,000	5.582%	06/12/2029	101.84%	309,705	305,511	5.48%
American Express Co	025816EJ4	265,000	4.351%	07/20/2029	99.52%	265,000	263,729	4.37%
Citibank NA	17325FBK3	655,000	4.838%	08/06/2029	100.83%	668,768	660,445	4.80%
Chubb Ina Hldgs Inc	171239AL0	300,000	4.650%	08/15/2029	100.53%	301,395	301,587	4.63%
Bank America Corp	06051GLS6	769,000	5.819%	09/15/2029	102.30%	791,670	786,657	5.69%
Wells Fargo & Co	95000U4A8	275,000	4.078%	09/15/2029	98.63%	275,000	271,223	4.13%
Goldman Sachs Group Inc	38141GD27	300,000	4.153%	10/21/2029	98.62%	300,000	295,849	4.21%
Gilead Sciences Inc	375558CB7	425,000	4.800%	11/15/2029	101.04%	428,124	429,418	4.75%
Bank New York Mellon Corp	06406RCG0	100,000	4.026%	01/22/2030	98.64%	100,000	98,640	4.08%
Bank New York Mellon Corp	06406RBV8	650,000	4.975%	03/14/2030	100.90%	662,825	655,866	4.93%
Manufacturers & Traders Tr	564760CD6	250,000	4.548%	04/18/2030	99.35%	250,000	248,386	4.58%
Morgan Stanley Bk N A	61778EUR0	250,000	4.788%	05/10/2030	100.11%	250,000	250,266	4.78%
Home Depot Inc	437076DJ8	385,000	3.950%	09/15/2030	98.06%	383,618	377,536	4.03%
Novartis Capital Corp	66989HAY4	420,000	4.100%	11/05/2030	98.31%	418,740	412,910	4.17%
Pfizer Inc	717081FD0	280,000	4.200%	11/15/2030	98.78%	279,779	276,592	4.25%
AvalonBay Cmntys Inc	053484AH4	335,000	4.350%	12/01/2030	98.87%	334,853	331,217	4.40%
John Deere Capital Corporat	24422EYL7	350,000	4.200%	03/10/2031	98.39%	349,923	344,357	4.27%
Airbnb Inc	009066AD3	100,000	4.650%	03/16/2031	99.43%	99,894	99,433	4.68%
Progressive Corp	743315BC6	340,000	4.600%	03/26/2031	99.71%	339,956	339,023	4.61%
Nstar Elec Co	67021CAY3	355,000	4.650%	05/15/2031	99.97%	354,812	354,895	4.65%
*Nvidia Corporation**	67066GAR5	360,000	0.000%	06/15/2031	99.75%	359,316	359,088	0.00%
Subtotal Corporate Bonds		**16,553,000**				**16,588,101**	**16,516,706**	**4.42%**

Issuer	CUSIP	Par Value	Coupon Rate	Maturity Date	Price per Stmnt	Cost	Market Value	Yield or YTW[1]
Municipal Bonds Taxable								
Riverside Cnty CA	76913CBC2	615,000	3.070%	02/15/2028	97.97%	605,722	602,518	3.13%
Los Angeles CA Cmnty Colleg 1	54438CYM8	550,000	1.606%	08/01/2028	95.86%	525,349	527,216	1.68%
Illinois St	452153PU7	425,000	4.465%	04/01/2029	99.57%	425,000	423,157	4.48%
Massachusetts St Spl Oblig	576004HE8	650,000	3.769%	07/15/2029	98.65%	647,413	641,242	3.82%
Los Angeles CA Uni Sch	544647LC2	700,000	4.347%	10/01/2029	99.56%	700,000	696,900	4.37%
Rancho CA Wtr Dist Fing Auth	752111HE7	400,000	5.125%	08/01/2030	101.35%	408,620	405,408	5.06%
San Francisco CA City & Cnty	79768HAJ7	250,000	5.600%	10/01/2030	101.99%	261,568	254,975	5.49%
Subtotal Municipal Bonds Taxable		**3,590,000**				**3,573,671**	**3,551,416**	**3.83%**
U.S. Obligations								
Federal Home Loan Banks	3130AWC24	1,875,000	4.000%	06/09/2028	99.72%	1,871,897	1,869,701	4.01%
Tennessee Valley Auth Fed Be	880591FE7	200,000	3.875%	08/01/2030	98.82%	199,186	197,646	3.92%
Subtotal U.S. Obligations		**2,075,000**				**2,071,083**	**2,067,347**	**4.00%**
U.S. Treasury Notes & Bonds								
U S Treasury Notes	91282CGH8	517,000	3.500%	01/31/2028	99.00%	508,549	511,810	3.54%
United States Treas Nts	91282CQB0	680,000	3.375%	02/29/2028	98.77%	675,352	671,659	3.42%
U S Treasury Notes	91282CHQ7	1,947,000	4.125%	07/31/2028	99.95%	1,969,056	1,946,011	4.13%
U S Treasury Notes	91282CPK1	675,000	3.500%	11/15/2028	98.52%	675,229	665,033	3.55%
U S Treasury Notes	91282CPP0	1,520,000	3.500%	12/15/2028	98.48%	1,519,466	1,496,963	3.55%
U S Treasury Notes	91282CJR3	3,002,000	3.750%	12/31/2028	99.04%	2,961,057	2,973,035	3.79%
United States Treas Nts	91282CPT2	100,000	3.500%	01/15/2029	98.43%	99,734	98,430	3.56%
United States Treas Nts	91282CQA2	2,395,000	3.500%	02/15/2029	98.38%	2,402,671	2,356,175	3.56%
U S Treasury Nts	91282CKX8	991,000	4.250%	06/30/2029	100.27%	994,020	993,671	4.24%
U S Treasury Notes	91282CGQ8	1,300,000	4.000%	02/28/2030	99.45%	1,301,828	1,292,840	4.02%
U S Treasury Notes	91282CMZ1	2,250,000	3.875%	04/30/2030	98.97%	2,248,769	2,226,797	3.92%
United States Treas Nts	91282CNK3	2,130,000	3.875%	06/30/2030	98.90%	2,131,307	2,106,620	3.92%
U S Treasury Notes	91282CNN7	2,465,000	3.875%	07/31/2030	98.88%	2,467,938	2,437,365	3.92%
United States Treas Nts	91282CPA3	2,255,000	3.625%	09/30/2030	97.86%	2,245,387	2,206,729	3.70%
U S Treasury Notes	91282CPN5	1,520,000	3.500%	11/30/2030	97.27%	1,513,291	1,478,438	3.60%
U S Treasury Notes	91282CPW5	3,205,000	3.750%	01/31/2031	98.19%	3,198,394	3,146,909	3.82%
United States Treas Nts	91282CQD6	2,050,000	3.500%	02/28/2031	97.14%	2,049,039	1,991,383	3.60%
United States Treas Nts	91282CQG9	2,715,000	3.875%	03/31/2031	98.65%	2,703,697	2,678,411	3.93%
Subtotal Treasury Notes & Bonds		**31,717,000**				**31,664,784**	**31,278,279**	**3.80%**

Issuer	CUSIP	Par Value	Coupon Rate	Maturity Date	Price per Stmnt	Cost	Market Value	Yield or YTW[1]
GNMA CMO REMIC								
Fhlmc Remic Series 5607	3137HNZL5	641,231	4.000%	05/15/2030	96.67%	635,821	619,850	4.14%
Subtotal GNMA CMO REMIC		**641,231**				**635,821**	**619,850**	**4.14%**
Asset-Backed Securities								
Ford Credit Auto Lease Tr	34533MAD8	700,000	4.230%	12/15/2028	99.90%	699,914	699,335	4.23%
Ford Credit Auto	344940AE1	700,000	5.490%	05/15/2029	101.17%	715,559	708,183	5.43%
Gm Financial Consumer 2024-1	36268GAE5	700,000	4.860%	06/18/2029	100.57%	707,109	703,997	4.83%
Santander Drive Auto 2025-2	80287NAC9	650,000	4.670%	08/15/2029	100.14%	652,996	650,917	4.66%
Santander Drive Auto Rcvbl	80288JAC7	650,000	4.380%	01/15/2030	100.06%	649,909	650,390	4.38%
Honda Auto Rec Own Tr 2023-4	438123AD3	430,000	5.660%	02/21/2030	100.93%	438,902	434,016	5.61%
Honda Auto Receiv Owner 202	43813QAD1	650,000	4.040%	02/21/2030	99.58%	649,986	647,257	4.06%
Carmax Auto Owner Tr 2025-2	14320AAD3	600,000	4.480%	03/15/2030	100.13%	603,680	600,780	4.47%
World Omni Auto Rec Tr 2025	98164YAD3	655,000	4.730%	03/15/2030	100.38%	660,936	657,469	4.71%
Ford Credit Floorpl 2025-1	34529BAA4	600,000	4.630%	04/15/2030	100.29%	604,875	601,734	4.62%
Gm Financial Consumer 2025-2	362549AD9	600,000	4.280%	04/16/2030	100.03%	601,266	600,162	4.28%
Volkswagen Auto Loan	92867YAE4	700,000	5.570%	04/22/2030	101.23%	717,309	708,638	5.50%
Volkswagen Auto Lease 2025-b	92868BAE3	500,000	4.440%	05/20/2030	99.48%	499,961	497,375	4.46%
Carmax Auto Owner Trust 202	14290FAD8	650,000	4.530%	07/15/2030	100.03%	649,866	650,202	4.53%
Chase Issuance Tr 2025-1	161571HZ0	500,000	4.160%	07/15/2030	99.62%	499,990	498,093	4.18%
Carvana Auto Receiv Tr 2026P1	14689FAC9	500,000	4.260%	02/10/2031	99.32%	499,893	496,615	4.29%
Ford Cr Auto Owner Tr 2025-b	34532BAG6	400,000	3.910%	07/15/2031	99.26%	399,957	397,044	3.94%
Subtotal Asset-Backed Securities		**10,185,000**				**10,252,107**	**10,202,207**	**4.62%**
Corp Floating Rate (Act/360)								
Bank of America Corp	06051GGR4	325,000	3.593%	07/21/2028	99.06%	315,682	321,958	3.63%
Subtotal Corp Floating Rate		**325,000**				**315,682**	**321,958**	**3.63%**
Government Agency Mortgage Pool								
*FHLMC Strip Smbs 459 Tr**	3133Q4C56	400,000	4.500%	07/25/2029	100.00%	399,656	400,000	4.50%
FHLMC Strip SMBS 427 Tr	3133Q3QF1	663,985	4.000%	03/25/2031	98.60%	657,138	654,705	4.06%
Subtotal Corp Floating Rate		**1,063,985**				**1,056,794**	**1,054,705**	**4.22%**
Government CMO								
FHLMC REMI Series K-085	3137FK4M5	265,000	4.060%	10/25/2028	99.06%	264,990	262,509	4.10%
FHLMC REMIC Series K-084	3137FJZ93	500,000	3.780%	10/25/2028	98.49%	496,094	492,425	3.84%
Fnma Remic Trust 2019-m6	3136B4KJ6	42,089	3.450%	01/25/2029	99.34%	41,412	41,812	3.47%
Fhlmc Remic Series 5616	3137HPM75	871,319	4.250%	01/15/2031	98.28%	870,542	856,315	4.32%
Subtotal Government CMO		**1,678,408**				**1,673,038**	**1,653,061**	**4.12%**
Grand Total		**68,131,123**				**68,133,580**	**67,568,025**	**4.10%**
						Market Adj.	**565,555**	
						Estimated Income	**2,769,385**	

***** Any new investments are italicized and marked with an asterisk to the right.

ATTACHMENT 1

Issuer	CUSIP	Par Value	Coupon Rate	Maturity Date	Price per Stmnt	Cost	Market Value	Yield or YTW[1]

Maturities

Issuer	CUSIP	Par Value	Coupon Rate	Maturity Date	Cost

Sales/Calls

Issuer	CUSIP	Par Value	Coupon Rate	Maturity Date		Cost
Amazon Com Inc	023135CS3	330,000	3.900%	01/20/28	99.24%	329,927

[1] YTW was used in place of YTM for conservative approach to looking at the performance of the bonds. YTW considers the possibility to call the bonds if a call option is available, whereby the City's Investors may choose to call a bond to seek for better investments or to redeem the bond at ideal market conditions.

ATTACHMENT 1

Exhibit B-2

Funds and Investments
Held by Contracted (Third) Parties
June 30, 2026

2016 Water Revenue Bonds

	Investment Type	Issuer	Settlement Date	Par Value	Coupon Rate	Market Value	Current YTM	Maturity Date	Days to Maturity	CUSIP Account Number
	BNY Mellon Project Fund									
1	Cash			2,241	0.000%	2,241	3.520%		1	
2	Morgan Stanley Treasury Portfolio			187,067	0.000%	187,067	3.520%		1	
	Subtotal Cash & Cash Equivalents			**189,309**	**0.000%**	**189,309**	**3.520%**		1	
	Total Project Fund			**189,309**	**0.000%**	**189,309**	**3.520%**		1	

ATTACHMENT 1

Exhibit C

June 30, 2026

Investment Report

Summary of Invested Funds -- Last Day of the Month

MONTH	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
JULY	$ 26,306,572	$ 28,541,631	$ 74,033,803	$ 33,187,829	$ 34,119,395	$ 39,309,559	$ 47,220,730	$ 62,091,716	$ 75,797,212	$ 85,983,394	$ 99,115,920
AUGUST	26,294,151	28,405,544	73,122,925	31,258,493	34,245,197	35,205,219	47,188,874	62,035,853	75,898,527	83,037,641	99,741,014
SEPTEMBER	22,058,959	27,049,892	70,952,657	31,219,168	34,211,588	35,108,138	50,651,612	62,025,768	72,673,251	80,118,760	92,944,893
OCTOBER	22,325,114	27,023,005	70,917,973	26,989,542	30,424,551	32,530,753	47,647,956	62,066,381	72,928,239	76,169,627	93,591,619
NOVEMBER	22,287,418	73,246,265	26,547,176	26,916,772	30,394,571	36,836,391	47,638,933	62,383,437	73,816,550	76,420,072	93,878,476
DECEMBER	22,253,300	71,499,585	28,949,643	27,028,835	30,398,333	36,824,546	51,976,067	62,346,272	74,622,956	76,407,420	94,082,934
JANUARY	27,399,997	71,229,735	32,878,042	35,305,506	30,183,446	43,433,939	56,735,289	63,037,830	75,026,715	76,850,520	94,388,104
FEBRUARY	30,108,605	71,084,575	33,013,420	34,571,287	35,784,459	43,636,405	44,768,920	62,673,423	74,572,924	77,422,529	95,012,623
MARCH	28,939,924	72,604,964	32,833,141	32,568,840	35,894,036	43,608,698	53,763,388	63,422,072	87,799,607	77,759,174	94,479,157
APRIL	28,276,276	75,018,330	33,064,100	32,242,202	36,081,161	42,158,002	53,442,475	63,662,118	87,625,460	98,378,689	94,838,462
MAY	28,429,928	76,053,277	32,879,674	36,925,478	34,133,626	42,180,215	53,637,240	75,814,301	88,603,229	98,061,069	99,775,238
JUNE	26,594,581	75,918,587	33,102,349	38,922,757	34,218,755	42,164,581	53,485,809	75,450,478	88,403,497	99,045,765	99,921,853

* Note: Invested funds based on Market Value at the end of month.

City of South Pasadena

BMO Accounts Balance

For June 2026 Investment Report

BMO - Operating ending 3688	$	13,743,883	30-Jun	
BMO - Payroll ending 3746		-	30-Jun	*
BMO - Workers Comp ending 1936		-	30-Jun	*
BMO - Gen Liab ending 2413		-	30-Jun	*
Total BMO (formerly Bank of the West)	**$**	**13,743,883**		

	FY 2025-26 YTD	FY 2024-25 YTD
BMO Interest Income	$256,005	$413,061

* *Zero Balance Account - $ Transfers from Operating Acct. No. 3688*

City of South Pasadena
Projected Expenditures (Based off Prior Year Actuals)
For June 2026 Investment Report
Expenditures Six Months (Average of FY25-26 and projected 6 months)

Actual Expenditures

	FY 25-26		FY 24-25
July-25	8,373,083	July-24	7,645,811
August-25	4,762,976	August-24	4,783,899
September-25	6,341,874	September-24	6,767,913
October-25	5,095,166	October-24	3,775,587
November-25	4,566,666	November-24	3,590,151
December-25	5,621,258	December-24	8,175,123
January-26	6,446,421	January-25	5,480,207
February-26	6,560,199	February-25	4,683,345
March-26	12,929,233	March-25	4,638,892
April-26	5,751,121	April-25	3,868,864
May-26	5,535,892	May-25	4,110,203
June-26	11,592,607	June-25	36,590,389
	$ 83,576,494		$ 94,110,384
Avg per month	6,964,708	**Avg per month**	7,842,532
6 month actual projected	**$ 41,788,247**	**6 month actual projected**	**$ 47,055,192**

Adopted Budget

	FY 2025-26
Adopted Budget	86,058,513
Adopted 6 month	**43,029,257**

Difference between 6 month actual projected and 6 month adopted budget

6 month Adopted Budget	43,029,257	
6 month actual projected	43,128,933	*
	$ (99,676)	**

* Applying the 12-month CPI (Los Angeles, Long Beach, Anaheim) rate for the month of June 2026 (3.208%) .

**Differences between projected average and projected adopted is due to timing of unspent CIP funds

City of South Pasadena
Six Months Projected Expenditures (Adopted Budget)
For June 2026 Investment Report

Adopted Budget Expenditures	
Total CITY & CRA Expenditures FY 2025-26 (page 35-36)	86,058,513
Total FY 2025-26 Budget Expenditures	**86,058,513**
Six Months Estimated Expenditures FY 2025-26	**43,029,257**

ATTACHMENT 2

ZIONS BANK

Statement of Account

June 1, 2026 Through June 30, 2026

South Pasadena Custody

Account Number: 8048032

City of South Pasadena
1414 Mission Street
South Pasadena, CA 91030

Please contact your administrator - Jacqueline Nowak
with any questions concerning your account.

Please Note: Our new address effective Monday, March 10, 2025 is as follows:
707 Wilshire Boulevard, Suite #5000 Los Angeles, CA 90017

Confidential And Privileged Information

June 01, 2026 through June 30, 2026

Account Name : South Pasadena Custody

Account No : 8048032

Cash Reconciliation

	Income	Principal
Opening Balance June 1, 2026	$ 0.00	$ 0.00
Receipts		
Sales	0.00	357,490.32
Interest	0.00	279,753.05
Dividends	0.00	1,158.51
Other Receipts	0.00	0.00
Collective Fund Earnings	0.00	0.00
Transfers	0.00	0.00
Total Receipts	0.00	638,401.88
Disbursements		
Purchases	0.00	-758,972.25
Fees	0.00	0.00
Other Disbursements	0.00	-5,668.00
Transfers	0.00	0.00
Total Disbursements	0.00	-764,640.25
Net Cash Management	0.00	126,238.37
Closing Balance June 30, 2026	$ 0.00	$ 0.00

June 01, 2026 through June 30, 2026

Account Name : South Pasadena Custody

Account No : 8048032

Portfolio Summary

June 30, 2026	Portfolio %	Market Value	Projected Income	Current Yield
Cash & Equivalents	0.45%	302,498.45	9,931.05	3.28%
Fixed Income	99.55%	67,265,527.04	2,759,454.45	4.10%
Total Portfolio	100.00 %	67,568,025.49	2,769,385.50	4.10%
Accrued Income		576,227.95		
Total Market Value		68,144,253.44		

Holdings

Shares / PV	Asset Description			Cost	Price	Market	Est Ann Inc	Yield	Acc Income
	Money Market Funds - Taxable								
302,498.45	Fidelity Gov Port III FCGXX			302,498.45	1.00	302,498.45	9,931.05	3.28%	1,468.52
302,498.45	** * Sub Totals * **			302,498.45		302,498.45	9,931.05	3.28%	1,468.52
	Corporate Bonds (30/360)								
650,000	Fifth Third Bk Cincinnati S	4.967%	01/28/2028	654,394.00	100.26	651,671.20	32,285.50	4.95%	13,707.81
300,000	Huntington National Bank MA	4.871%	04/12/2028	301,917.00	100.22	300,654.57	14,613.00	4.86%	3,183.84
300,000	Truist Finl Corp	4.123%	06/06/2028	298,689.00	99.64	298,913.14	12,369.00	4.14%	829.21
250,000	Truist Bk	4.420%	07/24/2028	250,000.00	99.90	249,741.18	11,050.00	4.42%	4,815.08
340,000	Toyota Mtr Cr Corp	4.050%	09/05/2028	339,581.80	99.32	337,681.45	13,770.00	4.08%	4,423.32
110,000	Southern Co Gas Cap	4.050%	09/15/2028	109,877.90	98.98	108,879.76	4,455.00	4.09%	1,306.63
205,000	Georgia Pwr Co	4.000%	10/01/2028	204,895.45	99.03	203,015.94	8,200.00	4.04%	2,038.55
400,000	Abbvie Inc	4.250%	11/14/2028	396,278.20	99.66	398,648.47	17,000.00	4.26%	2,184.36
335,000	Caterpillar Finl Svcs	3.950%	11/14/2028	334,822.45	99.06	331,860.88	13,232.50	3.99%	1,700.27
160,000	Amphenol Corp	3.900%	11/15/2028	159,827.20	98.83	158,120.45	6,240.00	3.95%	784.36
60,000	American Honda Fin Corp	4.150%	01/08/2029	59,995.20	98.84	59,306.46	2,490.00	4.20%	1,196.31
235,000	Alphabet Inc	3.700%	02/15/2029	234,146.95	98.41	231,266.30	8,695.00	3.76%	3,327.42
620,000	Waste Mgmt Inc Del	4.875%	02/15/2029	624,310.40	101.06	626,564.62	30,225.00	4.82%	11,397.70
200,000	Eaton Corp Ohio	3.950%	03/06/2029	199,832.00	98.60	197,209.76	7,900.00	4.01%	2,515.64
80,000	Baker Hughes Hldgs LLC	4.050%	03/11/2029	79,966.40	98.61	78,889.99	3,240.00	4.11%	986.48
345,000	Amazon Com Inc	4.000%	03/13/2029	344,962.05	99.05	341,707.84	13,800.00	4.04%	4,124.58
629,000	MARSH SR GLBL NT 29	4.375%	03/15/2029	615,935.67	99.64	626,735.60	27,518.75	4.39%	8,071.14
350,000	Salesforce Inc	4.650%	03/15/2029	349,923.00	99.99	349,949.56	16,275.00	4.65%	4,864.32
700,000	Morgan Stanley	4.994%	04/12/2029	708,904.00	100.57	703,973.24	34,958.00	4.97%	7,616.55
700,000	Goldman Sachs Group Inc	3.814%	04/23/2029	688,114.00	98.45	689,123.49	26,698.00	3.87%	4,996.55
645,000	Jpmorgan Chase & Co	4.005%	04/23/2029	637,700.85	98.93	638,129.12	25,832.25	4.05%	4,834.53
700,000	Wells Fargo & Co	4.970%	04/23/2029	709,128.00	100.51	703,589.36	34,790.00	4.94%	6,510.98
650,000	American Express Co	4.050%	05/03/2029	636,597.00	99.08	644,040.43	26,325.00	4.09%	4,191.41
125,000	Eli Lilly & Co	4.150%	05/20/2029	124,926.25	99.52	124,405.23	5,187.50	4.17%	579.61

Holdings

Shares / PV	Asset Description			Cost	Price	Market	Est Ann Inc	Yield	Acc Income
300,000	PNC Finl Svcs Group Inc	5.582%	06/12/2029	309,705.00	101.84	305,511.06	16,746.00	5.48%	841.98
265,000	American Express Co	4.351%	07/20/2029	265,000.00	99.52	263,729.05	11,530.15	4.37%	5,153.14
655,000	Citibank NA	4.838%	08/06/2029	668,768.10	100.83	660,445.32	31,688.90	4.80%	12,746.37
300,000	Chubb Ina Hldgs Inc	4.650%	08/15/2029	301,395.00	100.53	301,587.01	13,950.00	4.63%	5,260.47
769,000	Bank America Corp	5.819%	09/15/2029	791,670.12	102.30	786,656.93	44,748.11	5.69%	13,124.45
275,000	Wells Fargo & Co	4.078%	09/15/2029	275,000.00	98.63	271,223.16	11,214.50	4.13%	3,289.17
300,000	Goldman Sachs Group Inc	4.153%	10/21/2029	300,000.00	98.62	295,849.34	12,459.00	4.21%	2,401.32
425,000	Gilead Sciences Inc	4.800%	11/15/2029	428,123.75	101.04	429,418.22	20,400.00	4.75%	2,564.25
100,000	Bank New York Mellon Corp	4.026%	01/22/2030	100,000.00	98.64	98,639.97	4,026.00	4.08%	1,776.84
650,000	Bank New York Mellon Corp	4.975%	03/14/2030	662,824.50	100.90	655,865.67	32,337.50	4.93%	9,574.79
250,000	Manufacturers & Traders Tr	4.548%	04/18/2030	250,000.00	99.35	248,386.46	11,370.00	4.58%	2,223.18
250,000	Morgan Stanley Bk N A	4.788%	05/10/2030	250,000.00	100.11	250,266.11	11,970.00	4.78%	1,805.53
385,000	Home Depot Inc	3.950%	09/15/2030	383,617.85	98.06	377,536.20	15,207.50	4.03%	4,460.30
420,000	Novartis Capital Corp	4.100%	11/05/2030	418,740.00	98.31	412,909.56	17,220.00	4.17%	2,645.53
280,000	Pfizer Inc	4.200%	11/15/2030	279,778.80	98.78	276,591.61	11,760.00	4.25%	1,478.21
335,000	AvalonBay Cmntys Inc	4.350%	12/01/2030	334,852.60	98.87	331,216.81	14,572.50	4.40%	1,180.45
350,000	John Deere Capital Corporat	4.200%	03/10/2031	349,923.00	98.39	344,357.34	14,700.00	4.27%	4,516.76
100,000	Airbnb Inc	4.650%	03/16/2031	99,894.00	99.43	99,433.26	4,650.00	4.68%	1,350.84
340,000	Progressive Corp	4.600%	03/26/2031	339,955.80	99.71	339,022.74	15,640.00	4.61%	4,106.59
355,000	Nstar Elec Co	4.650%	05/15/2031	354,811.85	99.97	354,894.50	16,507.50	4.65%	2,167.19
360,000	Nvidia Corporation		06/15/2031	359,316.00	99.75	359,087.91	0.00	0.00%	0.00
16,553,000	** * Sub Totals * **			16,588,101.14		16,516,706.27	729,847.16	4.42%	182,854.01
	Municipal Bonds Taxable								
615,000	Riverside Cnty CA	3.070%	02/15/2028	605,721.75	97.97	602,518.02	18,880.50	3.13%	7,119.74
550,000	Los Angeles CA Cmnty Colleg	1.606%	08/01/2028	525,349.00	95.86	527,216.03	8,833.00	1.68%	3,676.30
425,000	Illinois St	4.465%	04/01/2029	425,000.00	99.57	423,157.12	18,976.25	4.48%	4,028.48
650,000	Massachusetts St Spl Oblig	3.769%	07/15/2029	647,413.20	98.65	641,241.84	24,498.50	3.82%	11,291.21
700,000	Los Angeles CA Uni Sch	4.347%	10/01/2029	700,000.00	99.56	696,899.70	30,429.00	4.37%	7,564.75

Holdings

Shares / PV	Asset Description			Cost	Price	Market	Est Ann Inc	Yield	Acc Income
400,000	Rancho CA Wtr Dist Fing Auth	5.125%	08/01/2030	408,620.00	101.35	405,407.52	20,500.00	5.06%	8,532.12
250,000	San Francisco CA City & Cnty	5.600%	10/01/2030	261,567.50	101.99	254,975.40	14,000.00	5.49%	3,480.45
3,590,000	*** Sub Totals ***			3,573,671.45		3,551,415.63	136,117.25	3.83%	45,693.05
	U.S. Obligations								
1,875,000	Federal Home Loan Banks	4.000%	06/09/2028	1,871,897.25	99.72	1,869,701.31	75,000.00	4.01%	4,399.44
200,000	Tennessee Valley Auth Fed Be	3.875%	08/01/2030	199,186.00	98.82	197,646.05	7,750.00	3.92%	3,225.56
2,075,000	*** Sub Totals ***			2,071,083.25		2,067,347.36	82,750.00	4.00%	7,625.00
	U.S. Treasury Notes & Bonds								
517,000	U S Treasury Notes	3.500%	01/31/2028	508,548.64	99.00	511,809.81	18,095.00	3.54%	7,497.93
680,000	United States Treas Nts	3.375%	02/29/2028	675,351.56	98.77	671,659.38	22,950.00	3.42%	7,734.53
1,947,000	U S Treasury Notes	4.125%	07/31/2028	1,969,055.62	99.95	1,946,011.29	80,313.75	4.13%	33,279.18
675,000	U S Treasury Notes	3.500%	11/15/2028	675,228.75	98.52	665,033.21	23,625.00	3.55%	2,953.13
1,520,000	U S Treasury Notes	3.500%	12/15/2028	1,519,465.63	98.48	1,496,962.50	53,200.00	3.55%	2,180.33
3,002,000	U S Treasury Notes	3.750%	12/31/2028	2,961,057.09	99.04	2,973,035.38	112,575.00	3.79%	0.00
100,000	United States Treas Nts	3.500%	01/15/2029	99,734.38	98.43	98,429.69	3,500.00	3.56%	1,604.97
2,395,000	United States Treas Nts	3.500%	02/15/2029	2,402,671.48	98.38	2,356,174.80	83,825.00	3.56%	31,260.70
991,000	U S Treasury Nts	4.250%	06/30/2029	994,020.08	100.27	993,671.05	42,117.50	4.24%	0.00
1,300,000	U S Treasury Notes	4.000%	02/28/2030	1,301,827.80	99.45	1,292,839.85	52,000.00	4.02%	17,239.13
2,250,000	U S Treasury Notes	3.875%	04/30/2030	2,248,769.25	98.97	2,226,796.88	87,187.50	3.92%	14,452.28
2,130,000	United States Treas Nts	3.875%	06/30/2030	2,131,306.65	98.90	2,106,619.93	82,537.50	3.92%	0.00
2,465,000	U S Treasury Notes	3.875%	07/31/2030	2,467,938.28	98.88	2,437,365.03	95,518.75	3.92%	39,579.59
2,255,000	United States Treas Nts	3.625%	09/30/2030	2,245,387.07	97.86	2,206,728.91	81,743.75	3.70%	20,324.27
1,520,000	U S Treasury Notes	3.500%	11/30/2030	1,513,290.63	97.27	1,478,437.50	53,200.00	3.60%	4,360.66
3,205,000	U S Treasury Notes	3.750%	01/31/2031	3,198,394.24	98.19	3,146,909.38	120,187.50	3.82%	49,801.45
2,050,000	United States Treas Nts	3.500%	02/28/2031	2,049,039.06	97.14	1,991,382.81	71,750.00	3.60%	24,180.94
2,715,000	United States Treas Nts	3.875%	03/31/2031	2,703,697.34	98.65	2,678,411.14	105,206.25	3.93%	26,157.84
31,717,000	*** Sub Totals ***			31,664,783.55		31,278,278.54	1,189,532.50	3.80%	282,606.93

Holdings

Shares / PV	Asset Description			Cost	Price	Market	Est Ann Inc	Yield	Acc Income
	GNMA CMO Remic								
641,231.09	Fhlmc Remic Series 5607	4.000%	05/15/2030	635,820.70	96.67	619,849.56	25,649.24	4.14%	2,137.44
641,231.09	** * Sub Totals * **			635,820.70		619,849.56	25,649.24	4.14%	2,137.44
	Asset-Backed Securities								
700,000	Ford Credit Auto Lease Tr	4.230%	12/15/2028	699,913.76	99.91	699,335.00	29,610.00	4.23%	2,467.50
700,000	Ford Credit Auto	5.490%	05/15/2029	715,558.59	101.17	708,183.00	38,430.00	5.43%	3,202.50
700,000	Gm Financial Consumer 2024-1	4.860%	06/18/2029	707,109.38	100.57	703,997.00	34,020.00	4.83%	2,835.00
650,000	Santander Drive Auto 2025-2	4.670%	08/15/2029	652,996.09	100.14	650,916.50	30,355.00	4.66%	2,529.58
650,000	Santander Drive Auto Rcvbl	4.380%	01/15/2030	649,908.74	100.06	650,390.00	28,470.00	4.38%	2,372.50
430,000	Honda Auto Rec Own Tr 2023-4	5.660%	02/21/2030	438,902.34	100.93	434,016.20	24,338.00	5.61%	2,028.17
650,000	Honda Auto Receiv Owner 202	4.040%	02/21/2030	649,986.42	99.58	647,257.00	26,260.00	4.06%	2,188.33
600,000	Carmax Auto Owner Tr 2025-2	4.480%	03/15/2030	603,679.69	100.13	600,780.00	26,880.00	4.47%	2,240.00
655,000	World Omni Auto Rec Tr 2025	4.730%	03/15/2030	660,935.94	100.38	657,469.35	30,981.50	4.71%	2,581.79
600,000	Ford Credit Floorpl 2025-1	4.630%	04/15/2030	604,875.00	100.29	601,734.00	27,780.00	4.62%	2,315.00
600,000	Gm Financial Consumer 2025-2	4.280%	04/16/2030	601,265.63	100.03	600,162.00	25,680.00	4.28%	2,140.00
700,000	Volkswagen Auto Loan	5.570%	04/22/2030	717,308.59	101.23	708,638.00	38,990.00	5.50%	3,249.17
500,000	Volkswagen Auto Lease 2025-b	4.440%	05/20/2030	499,960.75	99.48	497,375.00	22,200.00	4.46%	1,850.00
650,000	Carmax Auto Owner Trust 202	4.530%	07/15/2030	649,866.43	100.03	650,201.50	29,445.00	4.53%	2,453.75
500,000	Chase Issuance Tr 2025-1	4.160%	07/15/2030	499,989.95	99.62	498,093.10	20,800.00	4.18%	1,733.33
500,000	Carvana Auto Receiv Tr 2026P	4.260%	02/10/2031	499,893.15	99.32	496,615.00	21,300.00	4.29%	1,775.00
400,000	Ford Cr Auto Owner Tr 2025-b	3.910%	07/15/2031	399,956.84	99.26	397,044.00	15,640.00	3.94%	1,303.33
10,185,000	** * Sub Totals * **			10,252,107.29		10,202,206.65	471,179.50	4.62%	39,264.95
	Corp Floating Rate (Act/360)								
325,000	Bank of America Corp	3.593%	07/21/2028	315,682.25	99.06	321,957.70	11,677.25	3.63%	5,186.26
325,000	** * Sub Totals * **			315,682.25		321,957.70	11,677.25	3.63%	5,186.26
	Government Agency Mortgage Pool								
400,000	FHLMC Strip Smbs 459 Tr	4.500%	07/25/2029	399,656.25	100.00	400,000.00	18,000.00	4.50%	1,500.00

Holdings

Shares / PV	Asset Description			Cost	Price	Market	Est Ann Inc	Yield	Acc Income
663,985.47	FHLMC Strip SMBS 427 Tr	4.000%	03/25/2031	657,138.13	98.60	654,704.75	26,559.42	4.06%	2,213.28
1,063,985.47	** * Sub Totals * **			1,056,794.38		1,054,704.75	44,559.42	4.22%	3,713.28
	Government CMO								
265,000	FHLMC REMI Series K-085	4.060%	10/25/2028	264,989.70	99.06	262,509.00	10,759.00	4.10%	896.58
500,000	FHLMC REMIC Series K-084	3.780%	10/25/2028	496,093.75	98.49	492,425.00	18,900.00	3.84%	1,575.00
42,089.305	Fnma Remic Trust 2019-m6	3.450%	01/25/2029	41,411.94	99.34	41,811.94	1,452.08	3.47%	121.01
871,318.75	Fhlmc Remic Series 5616	4.250%	01/15/2031	870,542.28	98.28	856,314.64	37,031.05	4.32%	3,085.92
1,678,408.055	** * Sub Totals * **			1,673,037.67		1,653,060.58	68,142.13	4.12%	5,678.51
68,131,123.065	** * Grand Totals * **			68,133,580.13		67,568,025.49	2,769,385.50	4.10%	576,227.95

Cash Summary

Principal Cash	0.00
Income Cash	0.00
Invested Income	0.00

Account Transactions

Date	Description	Income	Principal	Carrying Value
	Starting Balances	$ 0.00	$ 0.00	$ 67,842,579.34
	Interest			
06/01/2026	Interest AvalonBay Cmntys Inc 4.3500% 12/01/30		7,286.25	
06/01/2026	Interest U S Treasury Notes 3.5000% 11/30/30		26,600.00	
06/08/2026	Interest Truist Finl Corp 4.1230% 06/06/28		6,184.49	
06/09/2026	Interest Federal Home Loan Banks 4.0000% 06/09/28		37,500.00	
06/10/2026	Mortgage Backed - Other Pass Through Interest Carvana Auto Receiv Tr 2026P1 4.26% 02/10/31 Principal Balance Reduction of 0.000000		1,775.00	
06/12/2026	Interest PNC Finl Svcs Group Inc 5.5820% 06/12/29		8,373.00	
06/15/2026	Interest U S Treasury Notes 3.5000% 12/15/28		26,600.00	
06/15/2026	Mortgage Backed - Other Pass Through Interest Ford Credit Auto Lease Tr 4.2300% 12/15/28 Principal Balance Reduction of 0.000000		2,467.50	
06/15/2026	Mortgage Backed - Other Pass Through Interest Fhlmc Remic Series 5607 4.0000% 05/15/30 Principal Balance Reduction of 5281.690000		2,155.04	
06/15/2026	Mortgage Backed - Other Pass Through Interest Fhlmc Remic Series 5616 4.2500% 01/15/31 Principal Balance Reduction of 14445.420000		3,137.08	
06/15/2026	Mortgage Backed - Other Pass Through Interest Chase Issuance Tr 2025-1 4.1600% 07/15/30 Principal Balance Reduction of 0.000000		1,733.33	
06/15/2026	Mortgage Backed - Other Pass Through Interest Ford Credit Auto 5.4900% 05/15/29 Principal Balance Reduction of 0.000000		3,202.50	
06/15/2026	Mortgage Backed - Other Pass Through Interest Ford Credit Floorpl 2025-1 4.6300% 04/15/30		2,315.00	

Account Transactions

Date	Description	Income	Principal	Carrying Value
	Principal Balance Reduction of 0.000000			
06/15/2026	Mortgage Backed - Other Pass Through Interest		1,303.33	
	Ford Cr Auto Owner Tr 2025-b 3.9100% 07/15/31			
	Principal Balance Reduction of 0.000000			
06/15/2026	Mortgage Backed - Other Pass Through Interest		2,529.58	
	Santander Drive Auto 2025-2 4.6700% 08/15/29			
	Principal Balance Reduction of 0.000000			
06/15/2026	Mortgage Backed - Other Pass Through Interest		2,372.50	
	Santander Drive Auto Rcvbl 4.3800% 01/15/30			
	Principal Balance Reduction of 0.000000			
06/15/2026	Mortgage Backed - Other Pass Through Interest		2,581.79	
	World Omni Auto Rec Tr 2025 4.7300% 03/15/30			
	Principal Balance Reduction of 0.000000			
06/15/2026	Mortgage Backed - Other Pass Through Interest		2,356.25	
	Carmax Auto Owner Trust 202 4.5300% 07/15/30			
	Principal Balance Reduction of 0.000000			
06/15/2026	Mortgage Backed - Other Pass Through Interest		2,240.00	
	Carmax Auto Owner Tr 2025-2 4.4800% 03/15/30			
	Principal Balance Reduction of 0.000000			
06/16/2026	Accrued Interest Received		929.50	
	Amazon Com Inc 3.9000% 11/20/28			
06/16/2026	Mortgage Backed - Other Pass Through Interest		2,140.01	
	Gm Financial Consumer 2025-2 4.2800% 04/16/30			
	Principal Balance Reduction of 0.000000			
06/16/2026	Mortgage Backed - Other Pass Through Interest		2,835.00	
	Gm Financial Consumer 2024-1 4.8600% 06/18/29			
	Principal Balance Reduction of 0.000000			
06/22/2026	Mortgage Backed - Other Pass Through Interest		2,188.33	
	Honda Auto Receiv Owner 202 4.0400% 02/21/30			
	Principal Balance Reduction of 0.000000			
06/22/2026	Mortgage Backed - Other Pass Through Interest		2,028.17	
	Honda Auto Rec Own Tr 2023-4 5.6600% 02/21/30			
	Principal Balance Reduction of 0.000000			
06/22/2026	Mortgage Backed - Other Pass Through Interest		3,249.17	
	Volkswagen Auto Loan 5.5700% 04/22/30			
	Principal Balance Reduction of 0.000000			

Account Transactions

Date	Description		Income	Principal	Carrying Value
06/23/2026	Mortgage Backed - Other Pass Through Interest Volkswagen Auto Lease 2025-b 4.4400% 05/20/30 Principal Balance Reduction of 0.000000			1,666.67	
06/25/2026	Mortgage Backed - Other Pass Through Interest Fnma Remic Trust 2019-m6 3.4500% 01/25/29 Principal Balance Reduction of 3759.010000			131.81	
06/25/2026	Mortgage Backed - Other Pass Through Interest FHLMC REMIC Series K-084 3.7800% 10/25/28 Principal Balance Reduction of 0.000000			1,575.00	
06/25/2026	Mortgage Backed - Other Pass Through Interest FHLMC REMI Series K-085 4.0600% 10/25/28 Principal Balance Reduction of 0.000000			896.58	
06/25/2026	Mortgage Backed - Other Pass Through Interest FHLMC Strip SMBS 427 Tr 4.0000% 03/25/31 Principal Balance Reduction of 6565.000000			2,235.17	
06/30/2026	Interest U S Treasury Notes 3.7500% 12/31/28			56,287.50	
06/30/2026	Interest U S Treasury Nts 4.2500% 06/30/29			21,058.75	
06/30/2026	Interest United States Treas Nts 3.8750% 06/30/30			41,268.75	
06/30/2026	Purchase Accrued Interest FHLMC Strip Smbs 459 Tr 4.5000% 07/25/29			-1,450.00	
		Sub Total	0.00	279,753.05	0.00
	Dividends				
06/01/2026	Dividend Fidelity Gov Port III FCGXX Dividend From 05/01/2026 To 05/31/2026			1,158.51	
		Sub Total	0.00	1,158.51	0.00
	Buys				
06/18/2026	Buy Nvidia Corporation 06/15/31 360000 Par Val @ $99.81			-359,316.00	359,316.00

Account Transactions

Date	Description		Income	Principal	Carrying Value
06/30/2026	Buy FHLMC Strip Smbs 459 Tr 4.5000% 07/25/29 400000 Par Val @ $99.9140625			-399,656.25	399,656.25
		Sub Total	0.00	-758,972.25	758,972.25
	Sells				
06/16/2026	Sell Amazon Com Inc 3.9000% 11/20/28 Sold 330000 Par Val @ $99.224 Cost Basis Removed $329,927.40 Short Term Gain/Loss : $-2,488.20			327,439.20	-329,927.40
		Sub Total	0.00	327,439.20	-329,927.40
	Paydowns				
06/15/2026	Mortgage Backed - Other Pass Through Principal Fhlmc Remic Series 5607 4.0000% 05/15/30 Tax Cost Reduction $-5,237.13			5,281.69	-5,237.13
06/15/2026	Mortgage Backed - Other Pass Through Principal Fhlmc Remic Series 5616 4.2500% 01/15/31 Tax Cost Reduction $-14,432.55			14,445.42	-14,432.55
06/25/2026	Mortgage Backed - Other Pass Through Principal Fnma Remic Trust 2019-m6 3.4500% 01/25/29 Tax Cost Reduction $-3,698.51			3,759.01	-3,698.51
06/25/2026	Mortgage Backed - Other Pass Through Principal FHLMC Strip SMBS 427 Tr 4.0000% 03/25/31 Tax Cost Reduction $-6,497.30			6,565.00	-6,497.30
		Sub Total	0.00	30,051.12	-29,865.49
	Disbursements				
06/10/2026	Cash Disbursement Miscellaneous Disbursement Paid To : Payden & Rygel Per Sec. 9 of the Custody Agreement Invoice for Investment Advisory Services Inv#2533-M526 dtd 06-10-26			-5,668.00	
		Sub Total	0.00	-5,668.00	0.00

Account Transactions

Date	Description	Income	Principal	Carrying Value
	Cash Management			
06/01/2026	Sweep - Buy Fidelity Gov Port III FCGXX 35044.76 Par Val @ $1.00		-35,044.76	35,044.76
06/08/2026	Sweep - Buy Fidelity Gov Port III FCGXX 6184.49 Par Val @ $1.00		-6,184.49	6,184.49
06/09/2026	Sweep - Buy Fidelity Gov Port III FCGXX 37500 Par Val @ $1.00		-37,500.00	37,500.00
06/10/2026	Sweep - Sell Fidelity Gov Port III FCGXX Sold 3893 Par Val @ $1.00		3,893.00	-3,893.00
06/12/2026	Sweep - Buy Fidelity Gov Port III FCGXX 8373 Par Val @ $1.00		-8,373.00	8,373.00
06/15/2026	Sweep - Buy Fidelity Gov Port III FCGXX 74721.01 Par Val @ $1.00		-74,721.01	74,721.01
06/16/2026	Sweep - Buy Fidelity Gov Port III FCGXX 333343.71 Par Val @ $1.00		-333,343.71	333,343.71
06/18/2026	Sweep - Sell Fidelity Gov Port III FCGXX Sold 359316 Par Val @ $1.00		359,316.00	-359,316.00
06/22/2026	Sweep - Buy Fidelity Gov Port III FCGXX 2188.33 Par Val @ $1.00		-2,188.33	2,188.33
06/23/2026	Sweep - Buy Fidelity Gov Port III FCGXX 6944.01 Par Val @ $1.00		-6,944.01	6,944.01
06/25/2026	Sweep - Buy Fidelity Gov Port III FCGXX 15162.57 Par Val @ $1.00		-15,162.57	15,162.57
06/30/2026	Sweep - Sell Fidelity Gov Port III FCGXX		282,491.25	-282,491.25

Account Transactions

Date	Description		Income	Principal	Carrying Value
	Sold 282491.25 Par Val @ $1.00				
		Sub Total	0.00	126,238.37	-126,238.37
	Ending Balances		$ 0.00	$ 0.00	$ 68,115,520.33

Corporate Trust Services provided by Zions Bancorporation, N.A.
Statement Disclosures & Other Important Information

Please review your statement promptly and report any discrepancies immediately to your account administrator listed on the first page.

Market value information (including accrued income) furnished herein has been obtained from sources that Zions Bancorporation, N.A. believes to be reliable. Zions Bancorporation, N.A. makes no representation, warranty or guarantee, express or implied, that any quoted value necessarily reflects the proceeds that may be received on the sale of a security or asset. Securities and asset prices may vary from actual liquidation value and should only be used as general guide to portfolio value. Prices are received from various pricing services. However, pricing services are sometimes unable to provide timely information. Where pricing sources are not readily available, particularly on certain debt securities, estimated prices may be generated by a matrix system taking various factors into consideration.

Securities, including mutual funds, are not bank deposits and are not FDIC insured, nor are they obligations of or guaranteed by Zions Bancorporation, N.A., its affiliates or of any federal or state government or government sponsored agency. Securities, including mutual funds, involve investment risks, including the possible loss of the principal amount invested.

Finance Commission Agenda Report

ITEM NO. 4

DATE: **August 27, 2026**

FROM: **Alma Medina, Assistant to the City Manager**

SUBJECT: **Update on the City's Grants Policies and Procedures Manual and the City's Grant Program**

Recommendation

It is recommended that the Finance Commission:

a. Receive an informational report on the City's grant policies, procedures, and updated practices; and
b. Provide feedback for staff.

Executive Summary

Staff has completed a review of the City's Grants Policies and Procedures Manual (last revised May 2022) and applied a set of updates to keep the manual current with federal requirements, close gaps identified during the review and formally incorporate several forms and processes that staff already use in practice but that were not previously reflected in the Manual. This report also summarizes the City's Grants Policy, provides an update on the City's use of outside grant consulting services over the past year, flags a significant proposed federal rule change that could affect how the City administers federal grant funding if finalized, and reports on a current departmental priority to recover grant reimbursements from last fiscal year that had not yet been submitted to granting agencies.

Background

The City adopted its Grants Policies and Procedures Manual in May 2022 to standardize how departments identify, apply for, administer, and closeout grant funding, and to ensure grant-related activity is conducted consistently with City policy and applicable federal and state requirements. Since that adoption, both federal grants administration requirements and the City's own internal grant-related forms and practices have evolved, prompting an update to the Grant Manual.

Separately, over the past fiscal year, the City engaged outside grant consulting services to help identify funding opportunities and support grant applications. The City worked with two firms, Townsend Public Affairs and Criscom Company, under separate agreements. Each firm was initially engaged under a separate $30,000 professional services agreement, awarded under the City Manager's authority, to provide grant consulting services during Fiscal Year 2025/26.

Analysis

Overview of the City’s Grants Policy

The Grants Policies and Procedures Manual establishes the City's framework for pursuing and administering grant funding. Its purpose is to help the City manage grants responsibly by using sound financial practices, staying aligned with City priorities, protecting the City's reputation with funders, catching problems early, running grant-funded programs efficiently, sharing the workload appropriately across departments, and keeping clear accountability for both the money and the results.

The Manual recognizes several types of grant funding the City may pursue, such as block/formula grants, competitive (discretionary) grants, cooperative agreements, and grants from the County, State, Federal government, or corporate foundations, and assigns specific responsibilities across City Council, the City Manager, the Grants Manager, Department Managers/Directors, Project Managers, the Finance Director, and the City Attorney at each stage of a grant's life cycle (application, award announcement, ongoing grant management, and closeout).

Updates to Manual

Staff has updated the Manual to keep it current, close gaps identified during a recent review, and formally reflect several forms and processes staff already use in practice.

In conducting this review, staff identified that the City's grants administration practices, while functional, had not consistently provided the level of transparency expected around how funding opportunities were identified and pursued. To address this, staff has implemented several process improvements alongside the Manual updates.

Staff now brings grant items to Council for awareness, in addition to the formal approval already required under the Council-authorization threshold, so that Council is kept informed of grant activity even when an item falls below the level requiring formal action. This ensures Council has ongoing visibility into the City's grant-seeking efforts, not just the individual awards that come before it for approval.

Internally, the Grants Manager now convenes a monthly meeting with relevant staff and the City’s grant consultant, to review current grant opportunities, as well as emerging state and federal funding opportunities. This allows for the potential funding sources to be evaluated consistently and on a regular schedule rather than on an ad hoc basis.

In addition, staff meets internally as a team to review the City's active projects alongside their respective grant funding sources. This cross-departmental review helps ensure that project needs and available funding are properly aligned, and gives staff a clearer picture of overall workload.

Together, these changes give City Council and the community greater insight into the volume of grant activity staff is managing at any given time, allowing for a more informed understanding of staff capacity and workload alongside the City's grant-seeking efforts.

To formalize the process already used in practice, the manual now includes the following:

- The Grant Intake Form, the detailed Grant Intake Budget Form used by Finance to set up General Ledger accounts,
- The Staff Report Template for Grant Submittal Authorization, and
- The Staff Report Template for Grant Acceptance,
- It also codifies the City's Council-approval threshold:
    - Council authorization is required whenever a grant is $30,000 or more, or whenever it carries a matching fund requirement, regardless of amount, therefore ensuring City staff do not commit City funds without prior Council approval.

<u>Fiscal Year Priority: Recovering Outstanding Grant Reimbursements</u>
During Fiscal Year 2024/25, the City identified approximately $1,000,000 in grant-funded expenditures for which reimbursement requests had not yet been submitted to the respective granting agencies. Through coordination with the Finance Department, the City was able to seek reimbursement in the amount of $360,400 of that total and continues to work on the missing reimbursements. In the beginning of Fiscal Year 2025/26, the identified grant reimbursements needed amounted to $2,094,182, of which staff was able to retain reimbursements in the amount of $1,917,257 and continues to work on the missing reimbursements. The primary cause was that staff had not been submitting reimbursement requests as required, due in part to insufficient staffing capacity and a lack of proper training on grant reimbursement procedures. Recovering these funds is a top priority for the Grants Manager and affected departments this fiscal year. Staff's focus is on:

- Reviewing all open grant awards to confirm which expenditures are still owed reimbursement;
- Submitting the outstanding requests to each granting agency as quickly as grant terms allow;

- Improving ongoing tracking so this doesn't happen again; and
- Training staff so reimbursements are submitted on time going forward.

The Manual updates are intended to help prevent this kind of backlog from happening again.

Grants Consulting Services
During Fiscal Year 2025/26, the City engaged both Townsend Public Affairs and Criscom Company under separate agreements, each in the amount of $30,000 and awarded under the City Manager's authority, to provide grant consulting services. Staff used both firms and, based on that experience, found Townsend Public Affairs to be more proactive in identifying funding opportunities and supporting the City's grant applications.

Based on that experience, the City engaged Townsend Public Affairs under a new agreement in the amount of $90,000, covering both grant writing services and state and federal lobbying services, with a term running through June 30, 2027. Since that engagement began, Townsend Public Affairs has submitted more than five grant applications (worth approximately $11 Million) on the City's behalf and continues to work closely with staff to help move the City's projects through the appropriate application and funding processes. In addition, the City has established a Legislative Standing Committee, comprised of the two councilmembers (currently, these are the Mayor and Mayor Pro Tem), which will work directly with Townsend Public Affairs and staff on the City's legislative and grant funding priorities. Staff will continue to evaluate the City's grant consulting needs periodically and will bring any future changes in scope or vendor to the appropriate body for consideration.

Federal Regulatory Update: Proposed Revision to the Uniform Guidance (2 CFR Part 200)
On May 29, 2026, the federal government proposed major revisions to the Uniform Guidance (2 CFR Part 200), the rules governing federal grants and is described as the biggest change since 2013. Key changes include making the guidance legally binding, easier termination of awards, new verification and screening requirements, closer subrecipient vetting, a "viewpoint neutrality" rule for events, and mandatory compliance with recent executive orders. TPA anticipates legal challenges and expects increased audit and documentation requirements. Staff will continue to monitor the rulemaking process and will keep Council and Commission informed of any developments that may affect the City's grants administration.

Fiscal Impact
There is no fiscal impact associated with the Manual updates; they are administrative and policy clarifications only.

Attachments:

1. Grants Policy and Procedures Manual
2. Memo from Townsend Public Affairs

Attachment No. 1

City of South Pasadena

Grants Policies

and

Procedures Manual

Revised August 2026

Table of Contents

Grants Policy

Policy Statement

The City of South Pasadena's (City) Grant Policies and Procedures Manual (Manual) has been developed and published for the purpose of standardizing grant applications and grant related administration associated with the City. City personnel must follow the policies and procedures included in this manual and the provisions of any agreements that govern the award.

Reason for Policy

The purpose of this Manual is to develop, implement, and maintain meaningful grant development, oversight and coordination for the City, and thereby increasing grant related revenue, aligning grant applications with the City's Strategic Plan goals, limiting the City's exposure to grant related legal liability, and improving the efficiency and impact of programs and services funded through grants. The policies and procedures contained herein are intended to foster exceptional stewardship of the public trust through a rigorous adherence to ethical standards associated with grant related activity. The policies and procedures aim to do the following:

- Promote the use of best practices
- Promote sound financial management
- Ensure that grant related activity is consistent with the City's strategic priorities
- Ensure the integrity of the City's good standing among grant making entities
- Ensure the detection and mitigation of potential grant related problems before they harm the City
- Promote efficiency and effectiveness in grant funded projects and programs
- Appropriately delegate grant application tasks across departments to timely deliver quality proposals
- Ensure accountability for financial and programmatic elements of grant administration and management

Types of Grant Funding

There are various types of grants that become available for the City to pursue throughout each Fiscal Year. Each funding source has guidelines that the grantee is to abide by in order to remain eligible for funding. The term grant includes, but is not limited to the following grant funding types:

- Block/Formula Grant: funds are awarded to state and local governments by the Federal government for broadly defined purposes to provide benefits or services. The amount in funds are based on a predetermined formula.
- Competitive (Discretionary) Grants: these funds are awarded based on a competitive process through which the grantee is deemed eligible and the proposed project or program is recommended for funding to the Granting agency.
- Cooperative Agreements: type of Federal assistance which requires substantial involvement with the grantee during the performance of the awarded project.
- County Grants: grant awarded by the County Government
- State Grants: grant awarded by the State Government
- Federal Grants: grant awarded by the Federal Government
- Corporate Grants: grant made by a corporate foundation

Compliance

All grant administrators, program managers, sub-recipients, and parties involved with the grant must comply with the applicable federal, state, and private award guidelines which may govern the award, including the requirements of 2 CFR Part 200 ("Uniform Guidance") as revised effective October 1, 2024.

Note: OMB's April 2024 revision to 2 CFR Part 200 changed several thresholds City staff should be aware of when budgeting and monitoring federal awards, including: the Single Audit threshold rose from $750,000 to $1,000,000 in annual federal expenditures; the de minimis indirect cost rate available to entities without a negotiated rate rose from 10% to up to 15% of Modified Total Direct Costs; and the equipment/supplies capitalization threshold rose from $5,000 to $10,000. Staff should confirm which version of the Uniform Guidance applies based on the award's issuance date.

Council Approval Threshold for Grant Submittal

To ensure City staff do not commit City funds without prior Council approval, the following threshold determines whether City Council authorization is required — via the Staff Report Template – Grant Submittal Authorization (see Form Glossary) — before a grant application may be submitted to the Grantor:

- The grant amount is $30,000 or more — Council approval is required, regardless of whether the grant carries a matching fund requirement.
- The grant amount is under $30,000 and the grant has a matching fund requirement — Council approval is required.
- The grant amount is under $30,000 and the grant has no matching fund requirement — Council approval is not required prior to submittal. The Grant Interest Submittal Form must still be routed to the Grants Manager and City Manager per the Grant Life-Cycle Summary.

Council approval is required whenever the grant amount is $30,000 or greater, or whenever the grant carries a matching fund requirement, whichever applies. Only grants under $30,000 with no match requirement may be submitted without prior Council authorization.

Overarching Roles and Responsibilities

City departments and staff that may occupy positions of responsibility with respect to a grant shall perform and uphold both ethically and in the best interests of the City. The responsibilities for such staff are as follows:

- Reviewing Notices of Funding Opportunities (NOFO) or Requests for Proposals (RFP) to determine the City's readiness, available resources and capabilities for successfully pursuing grant opportunities
- Prepare grant applications, budgets and oral reports
- Submitting Grant Applications and providing a copy of the Grant Application to the Finance Department
- Ensuring the City is registered active, and omitted from the exclusion list on the System for Award Management (http://SAM.gov), using the entity's Unique Entity Identifier (UEI)
- Ensuring any Sub-Recipients or Contractors of the City which are to be paid by Federal monies are omitted from the exclusion list on the System for Award Management (http://SAM.gov), identified by their Unique Entity Identifier (UEI)
- Reviewing and providing corrective actions in response to audit findings
- Strategic Grant Planning to ensure program or project is implemented in a timely manner and per Grant Guidelines
- Training for new Project Managers regarding Grants
- Technical Assistance

- Grant Writing
- Assigning Funding Codes
- Assigning a Unique Grant Number
- Invoicing for Reimbursement of Grant Funds and Progress Reports Submissions
- Requests for Payments by Granting Agency
- Recordkeeping for Audit Purposes
- Project/Program Closeout
- Subrecipient risk assessment and monitoring, consistent with 2 CFR §200.332
- Identifying and disclosing conflicts of interest in grant-funded procurement decisions

Developing an Effective Application

Assess the Project

For in-house written grants, the first step is to develop an accurate and realistic assessment of the time and resource expenditures required to develop and write a competitive proposal. This is a critical step in deciding whether or not to pursue a solicitation. Submitting a proposal is easy, but submitting a top ranked proposal is difficult. The decision to submit or not submit must be based on a realistic assessment of the time and effort available to complete the task at a high level of effort.

Applying to different types of grant funders (foundations, non-profit, private, government) require varying amounts of effort. For example, federal and state proposals are more complex and require greater time demands, sometimes even several months' worth of work to prepare. These proposals, by their very nature, are more complicated and involve a lengthy and arduous application process. Also, submitting a continuation grant will take less time than seeking a new, competitive grant application. Below are examples of the types of grants the City may pursue.

- Start-up Grants: Cover the costs of launching a new project or organization.
- Capital Grants: Used for facilities, construction, buildings, or equipment.
- General Operating Grants: Cover daily operations, including salaries and technology, rather than a specific program or project.
- Program or Project Grants: Cover the cost of specific project or plans that are part of the City's core mission.
- Planning Grants: Help to map out what you want to do, and they typically result in a project that will help carry out your plan.
- Technical Assistance Grants: Help the City be more effective in such areas as financial management, strategic communications, fundraising or evaluation.

Evaluate Benefits and Costs of Specific Grant Programs on a Case-by-Case Basis

- Purpose of the grant program and its consistency with identified City goals and objectives.
- Additional staffing, office space, facilities, supplies or equipment that will be required if the grant is awarded.
- Ongoing impacts of the grant program after it is completed.
- Responsibilities of other departments and impacts on them in preparing the grant application or performing work scope if the grant is approved.
- Amount of indirect costs to be recovered from the grant.

- Total program costs, including portion funded through grant revenues and any required City contribution.
- Source of funding for any required City share.
- Compliance and audit requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.

Personnel

Once the decision is made to pursue a grant award, the second step is to determine the expertise and quality of key personnel selected to be on a grant application team. Thereafter, staff must identify the application components and requirements that demand diverse areas of expertise (e.g. environmental design, CEQA compliance, community outreach, financial compliance etc.) so that the skill set of team members are matched with the grant application tasks. Depending on the size and nature of the grant application, the grant application team could be a few staff members who each fill multiple roles or a large group with very diverse talents. Preferably, the key personnel selected to prepare the grant application will also be available to implement the project if the grant is awarded. The team approach helps to provide adequate expertise, support and a level of accountability.

Optimizing the Proposal Development Process

To have an efficient proposal development process, and write a competitive application, each grant will have a tailored team approach. Leading or participating in a grant proposal will require very different time commitments. Some grant applications are short and straightforward and may only require a Department Director and appropriate staff to split responsibilities. Other, more labor intensive grant applications will require several subject matter experts (e.g. Project Managers) on the team, a formalized writing lead, finance staff, a researcher and perhaps other outside consultants to help prepare a competitive application. Staff roles will vary depending on the grant application demands. In some cases the Project Manager may be the subject matter expert contributing data and budgetary information while the assigned staff takes the lead writer/editor role. Concurrently, other support staff will help prepare and gather required documents (e.g. letters of support, MOUs, etc.). With large grants of this type, a single staff member may be required to write every page of a 15-page proposal or write a 5-page contribution to a 20 page proposal depending on the match between the grant requirements and the available staff.

Creating an Action Plan

Develop an action plan for the proposal development process that includes deliverables, tasks, timeline and staff responsible. This requires the following steps:

- Prepare a checklist of tasks/deliverables based on the Notice of Funding Opportunity or Request for Proposals.
- Using the checklist, develop a timeline with a schedule of completion dates for each task. This timeline must consider required steps such as internal clearances, getting signatures, Council approval, editing, intergovernmental review with partner agencies, if applicable. The timeline must also take into account the interrelationship among tasks. For instance, a budget cannot be drafted until the project scope is solidified.
- Assign responsibilities for each task identified.

Grant Application Components

The application components vary based on the granting agency. In general, however, a grant application requires the following elements:

- Cover Page or Letter: Basic project details and authorizing signature.
- Project Summary/Abstract: A “big picture” introduction of the proposal's features.
- Table of Contents: Serves to guide the reviewer to the information in the proposal.

- Narrative: An in-depth explanation of the proposal, this is a substantive portion of the application. The need for assistance must be demonstrated with supporting documents and data. The narrative should clearly explain the physical, economic, social, financial, institutional or other problem(s) that require a solution, the actions that will be taken, and the results and benefit expected.
- Readiness Statement: Demonstrate that the City fully complies with the funder's requirements and guidelines.
- Budget: Identifies the estimated cost of the project as proposed. Include required matching funds or in-kind contributions.
- Budget Narrative: Addresses the reasonableness, necessity and allocable costs. Should also include any matching or cost-sharing funds discussion.
- Resolution: Approves the application for submission.
- Timeline: Outlines each task
- Applicant Capacity: Demonstrates the City's capacity to implement the project in a timely manner.

Responsible Parties

City Council will formally authorize each award granted to the City.

City Manager works with City Council, department managers and the Grants Manager to determine the strategic grant funding efforts for the City. The City Manager will approve all grant submissions and will give signing authority for submittal efforts in his or her absence.

Grants Manager is responsible for balancing all projects and grant proposals. The Grants Manager will work with all Managers/Directors to be aware of prioritized department needs for the various departments that potentially can be met through grants. This knowledge will allow the Grants Manager to identify the potential for parallel or redundant submissions, as well as areas for potential collaboration among departments, plan for submission of proposals to regular cyclical grant opportunities, and be pre-positioned to assist the departments in the submission of proposals to those opportunities when they arise. The Grants Manager is also responsible for maintaining current on federal grant policies and may also train staff about compliance issues and processes. The Grants Manager is also responsible for the general oversight of the City's grant activities. Therefore all grant activity (Federal, State, Local, Non-Profit, and Private) must be routed through the Grants Manager in accordance with this Manual. The responsibilities of the Grants Manager include strategic grant planning, training, promotion of grant opportunities, technical assistance (e.g. MOU, letters of recommendation), grant tracking of submittals and awarded grants, reporting requirements, identifying and investigating issues that may arise with respect to the management of City grants, and mediation towards collaborative grant submittals between internal/external agencies, organizations, and individuals. During the grant preparation process, the Grants Manager will be responsible for briefing the interdepartmental team on the application requirements, preparing a list of deliverables, preparing a timeline for managing the proposal writing process, and completing the required documents. The Grants Manager will also review the draft submission to ensure the grantor's evaluation criteria is followed. This includes; 1) confirm that all agency specifications regarding format, content, organization, and structure have been followed in a consistent manner; 2) ensure that all required components are included and complete; 3) ensure that the information which responds to each evaluation criterion is easy to locate.

Department Manager/Director is responsible for determining the strategic funding priorities for their department and for making decisions about which grants the City will apply for based on strategic goals and readiness. They are also required to ensure a Project Manager is assigned to every grant awarded. Additionally, the department manager must approve invoices submitted for reimbursement.

Project Manager has the primary responsibility for developing the scope of the grant proposal, submitting the proposal, submitting resolution(s), submitting progress reports and staff report(s), adhering to grant guidelines and regulatory compliance, timely invoicing, adhering to auditing requirements, and proper closeout procedures. The Project Manager is also responsible for preparing the Staff Report Template – Grant Submittal Authorization (when required) and the Staff Report Template – Grant Acceptance, and for completing the Grant Intake Form and, in coordination with Finance, the Grant Intake – Budget Form for every awarded grant prior to fund setup and disbursement.

Assistant City Manager/ CFO is responsible for ensuring that essential support and control is provided to City departments to assure all Grantor and City regulatory, procurement, and budgetary policy and procedures are followed. The Assistant City Manager/ CFO assigns fund codes as required by grant awards, reviews and provides corrective action plans in response to funding, prepares Schedule of Federal Expenditures (SEFA) and works with the external auditors by providing them with documentation to perform the audits. Additionally, the Assistant City Manager/ CFO reviews invoices and approves payment to vendors and accepts payment from Awarding Agencies. Finally, the Assistant City Manager/ CFO validates that expenditures being sought for reimbursement are properly charged to Project Accounting and the General Ledger to ensure completeness for audit trail purposes. The Assistant City Manager/ CFO (or designee) also reviews the completed Grant Intake Form and Grant Intake – Budget Form for each award and uses them to establish the grant's General Ledger account(s) and object-level budget prior to fund setup and disbursement.

City Attorney provides legal advice, counsel, and legal representation to the City, the City Manager and the departments and officers of the City. The City Attorney reviews contracts, settlements, and other documents pertinent to grant awards. The City Attorney also assists City staff with writing ordinances and council resolutions, reviews and prepares grant agreements for signature by authorized representatives.

Other Resources Depending on the competitiveness of the grant opportunity, technical expertise and labor intensity of a grant application, the City may also seek help with preparing grant applications from outside consultants or local volunteer banks.

Grant Life-Cycle Summary

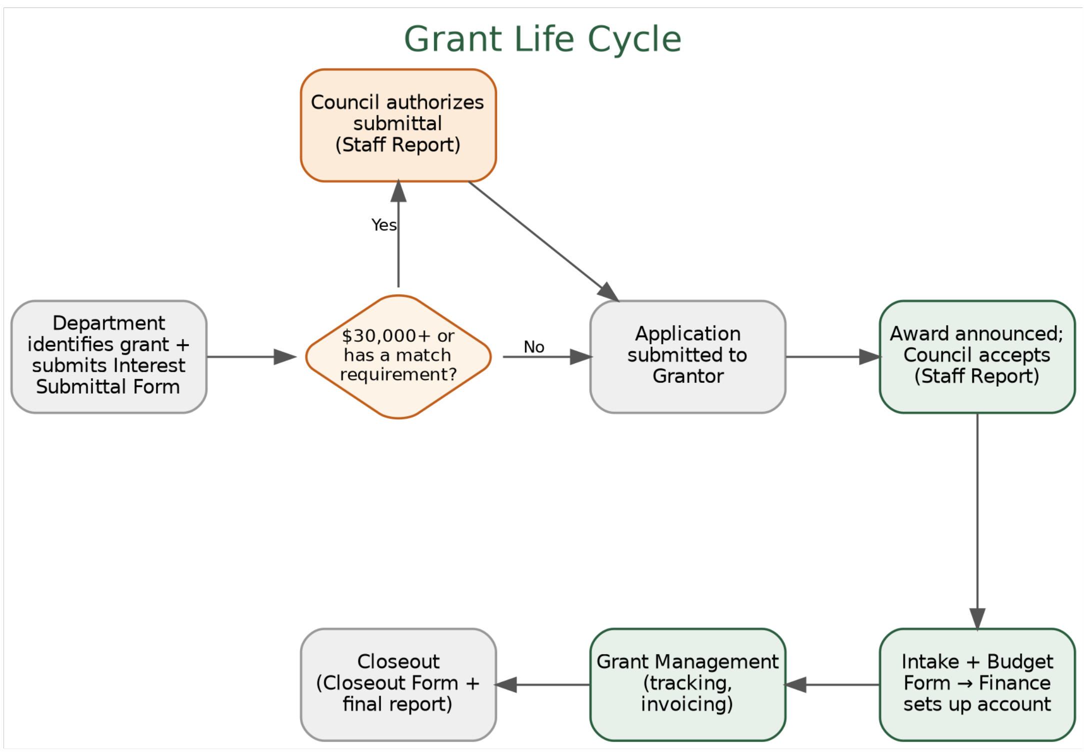
1. APPLY: When a department decides to submit an application they must submit a Grant Interest Submittal Form with Department Manager signature to the Grants Manager prior to submitting the grant application to the Grantor. The Grants Manager will submit to City Manager for final approval. Depending on the grant amount and whether a matching fund requirement applies, City Council authorization to submit the application may also be required before the application is submitted to the Grantor — see "Council Approval Threshold for Grant Submittal" above. Where Council authorization is required, the Project Manager, with the Grants Manager, shall prepare a staff report using the Staff Report Template – Grant Submittal Authorization (see Form Glossary) for City Council's consideration prior to submittal.

2. AWARD ANNOUNCEMENT: Upon award announcement, the awarded grant and respective documentation will be submitted along with a resolution and staff report (using the Staff Report Template – Grant Acceptance, see Form Glossary) and fiscal impact statement to the City Council for acceptance and final approval. Upon City Council's approval, the grant agreement/contract must be submitted to the Grants Manager and input into the tracking system, including assigning a unique grant number to enable the Finance Department to align the funds coming into the City with the correct grant award. Finally, the fully executed original grant agreement/contract (executed by the City and the Grantor) shall be submitted to the City Clerk's Office. Following City Council's acceptance and prior to any disbursement of funds, the Project Manager must complete a Grant Intake Form and, for awards requiring a detailed line-item budget, the Grant Intake – Budget Form, and route both to the Grants Manager and the Finance Department to establish the grant's fund, project, and General Ledger account(s) (see Form Glossary). At this point, a "kickoff meeting" is held including the Grants Manager, Department Manager/Director, Project Manager and a member of the granting agency to discuss the responsibility of each party (e.g. tracking requirements, reporting frequency, invoicing, and general grant guidelines) and the overall grant timeline.

3. GRANT MANAGEMENT: The grant should be managed by each department's Project Manager respectively. A grant record shall be created in the Grants Management Database for each grant awarded to the City. Each grant record shall include all information requested in the Grants Management Database as applicable to the associated grant, including the due dates of all required reporting, relevant information from the implementation plan, and completion dates of all tasks and deliverables. Each grant record shall be updated upon any change to the status of the grant and/or the information previously entered. The Grants Manager will keep track of deadlines and send out reminders to Project Managers. Quarterly progress reports and invoices must be submitted or copied to the Grants Manager. Any mediation, contract extension, closeout or amendments shall be coordinated through the Grants Manager and the Grantor.

4. CLOSEOUT: When a Project Manager has completed a grant they will notify the Grants Manager of their intention to close out the grant. They will submit a Grant Tracking Closeout Form noting the grant accomplishments, the total amount spent, and any remainder funds which may remain in the account. A final report will be submitted to the Grantor and the Grants Manager will maintain a copy per retention requirements. Upon project termination, the Grants Manager will review the account and work with the assigned Project Manager to determine the final figure to be reported to the Grantor on the financial report or final invoice.

Grant Life Cycle



Grant Program Administration

The procedures outlined below provide a single document for City of South Pasadena staff to reference when managing a grant. The City carries a significant legal and ethical responsibility when accepting grant funding, and management of grant awards requires heightened awareness throughout the organization.

Administration of Awarded Grants

- Prepare a staff report accepting the grant award (using the Staff Report Template – Grant Acceptance) and any other required City forms or documents; complete the Grant Intake Form and, where applicable, the Grant Intake – Budget Form, and route both to the Grants Manager and Finance Department; and coordinate execution of grant documents by the City Manager and return executed documents to grantor agency.

- Read and follow all grant guidelines. Ensure compliance with grant requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
- Conduct a risk assessment of any sub-recipients prior to disbursing sub-awarded funds, consistent with the City's subrecipient monitoring procedures.
- Notify affected departments of grant award and project setup.
- Establish grant file.
- Stay current with required training, which may be self-taught through the existing resources provided on the City intranet or sought from mentorship within the City, or through outside sources as approved through current policies.

Receipt and Use of Grant Funds

The City staff must ensure that grant funds are properly used and received. Violations can result in a range of penalties, including suspension of future funds from the grantor, return of all funds associated with the award, including those already expended, and civil and/or criminal penalties. It is critical to the overall success of a project that grant funds are expended accurately, including administrative/program and direct/indirect costs. All grant related expenditures must follow current City policies and procedures, grant documentation, and 2 CFR §200.

- No grant funds shall be disbursed until a City agenda item and budget resolution have been approved by the City Council, an award and project have been established in the accounting software, and required documentation is complete, including a completed Grant Intake Form and, where applicable, Grant Intake – Budget Form submitted to the Finance Department.
- After initial setup, grant awards should be reconciled at minimum on a monthly basis to ensure:
  - Expenditures are allowable, allocable, necessary, and reasonable based on terms and conditions of the grant award.
  - Expenditures are adequately supported by documentation.
  - Expenditures are charged to the correct department.
  - Award spending is commensurate with the project timeframe.
- Departments receiving grant funds shall adhere to City policy and procedures regarding revenue collection and accounting and reporting of grants received by the City, including preparing year end accruals.
- Modifications or reallocations to the awarded budget that alters the grant amount or moves funds from one budget line item to another must adhere to Grantor and City policy and procedures.
- Grant funds awarded to the City shall not be used to replace an existing expense so that current funds can be diverted to another use, unless such use of grant funds is explicitly identified as allowable in writing by the Grantor in the grant award.
- Advance payments to the City must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the City for direct program or project costs and the proportionate share of any allowable indirect costs.
- All income resulting from a grant funded project or program shall adhere to City revenue and the Grants Policies and Procedures Manual, and managed and maintained as established in the grant agreement.

- All procurement activity associated with grant funded projects or programs shall follow the Grantor and City policy and procedures for procurement of goods.
- All property acquired through grant funds shall follow the Grantor and City policy and procedures for property or inventory control.
- If it is determined that there are "excess" funds either through an unallowable expense or unused, they must be returned as soon as possible or as required by Grantor.
- Grant project managers are ultimately responsible for adherence to the stipulations outlined in the approved grant award/contract to ensure that allowable expenditures are incurred.
- City staff involved in grant-funded procurement must disclose any real or apparent conflict of interest and recuse themselves from related selection or award decisions, consistent with the City's conflict of interest code and 2 CFR §200.318.

Budgeting

- Grants Manager will meet with directors to determine current funding availability in grant funds. All grant funds will be budgeted to ensure timely expenditure of grant funds. This will usually occur in March for the following Fiscal Year.
- Grants Manager will meet with Assistant and Assistant City Manager/ CFO to ensure budgeting of every grant is included in the budget and properly accounted. A report will be developed for every director prior to final budget adoption. This will usually occur in April for the following Fiscal Year.

Request for Payment

- When a Project Manager pays a vendor or Sub-Contractor they must submit a P.O. to the Finance Department. When submitting to the finance department, the P.O. must indicate the fund source is a grant.
- Upon receipt, accounts payable will route to Grants Manager to ensure expenditures are in accordance with grant guidelines before paying vendor.
- When requesting payment from Grantor, Project Manager must follow Step 1-2 and submit copy of all checks to the vendors as well as required backup from grant guidelines.
- Payments to vendors will go to the next council meeting for approval and mailed out the following business day.

Grant Reporting

Grants awarded to the City may require that progress, programmatic and financial reports be submitted to the grantor. Every award has reporting requirements specified in the grant agreement. It is critical that all reports are complete, accurate, and submitted per the specified dates outlined in the agreement. Performance reports must be submitted at the interval required by the Grantor. Accurate and timely reporting is critical to maintaining a good relationship with the Grantor. Requirements and procedures are established to ensure that grant funds are expended and accounted for in a method that provides accuracy, uniformity, and consistency. Late or inaccurate reports may negatively impact current or future funding and result in audit findings.

Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the City must inform the Grantor entity as soon as the following types of conditions become known:

- Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

- Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

Grant Modifications and Extensions

During the course of a grant's lifetime, there are times when changes are necessary to either the budget or the project scope-of-work. Most of these changes, typically called grant amendments, are allowable, but it is important to follow the procedures written in the grant agreement or in the guides provided by the Grantor. Modifications deemed to be non-substantial may be approved administratively. Modifications to City executed contracts may be submitted for Consent Agenda approval if additional City resources are not applicable or unless directed otherwise by the City Manager and/or City Attorney. Modifications which require the allocation of additional City resources not previously budgeted shall be placed on the City Council agenda. The Project Manager shall be responsible for assuring that all impacted parties are made aware of the modifications, including the Grants Manager. Original amendments shall be provided to the City Clerk after execution.

Closeout Procedures

The grant closeout is a critical piece in the life cycle of a grant, and is the process by which the City performs all necessary administrative and financial actions to satisfactory complete all requirements set forth in the grant agreement. Preparation for closeout usually begins 60 to 90 days prior to the end date of the grant to accurately forecast expenses and make any adjustments to accounting entries. As part of the close out process, the Project Manager needs to do the following (if necessary):

- Coordinate closure of all contracts, payment for services, required documentation and financial review or audit.
- Notify internal service centers and payroll of an account change for recurring costs such as printing, telephone, postage and salary/fringe.
- To meet Grantor deadlines there needs to be clear and timely communication between Project Managers and Grants Manager.
- Promptly transfer all erroneous charges, clearing deficits and post-term charges.
- In most cases for federal awards, final financial reports must be submitted within 90 days from the award end date, and within 60 days for final invoices. Non-federal deadlines may vary by Agency.
- The complete grant project file shall be retained by the recipient department in accordance with applicable Federal and State record keeping rules
- The original contract and amendments shall be retained by the City Clerk in accordance with applicable Federal and State retention schedules.

Form Glossary

The forms in this manual were developed in an effort to streamline the grants process and create a database for necessary forms. Please see the title of each form along with an explanation of the purpose of the form.

1. Grant Interest Submittal Form

This form will be used to track all applications for which any department applies. The Department Director or Project Manager must submit this form to the Grants Manager when considering submitting an application. The Grants Manager will make the Project Manager aware of any specific requirements and provide assistance as necessary. This form will be used to update the database of submitted applications for City records.

2. Audit/Debarment Certification

The Audit/Debarment certification will be required for all sub-recipients or vendors which are to be paid out of Federal funds. Every year the Sub-Recipient agency and/or contractor will be required to submit a self-certified quick questionnaire regarding their Single Audit Report (SAR) and Unique Entity Identifier (UEI). Once it has been filled out they will return to the City and City staff will use this form to determine if they qualify for award.

3. Grant Tracking Closeout Form

The grant closeout form serves as a notification to the Grants Manager that the Project Manager has finished the project. This form includes the grant information as well as a summary of the project. When the Grants Manager receives the form he/she will at this point ensure any unspent funds are sent back to the Grantor, ensure there is a final report completed for the Grantor, and final invoice has been submitted for reimbursement.

4. Progress Report Template

While all awarding Agencies may have a sample template to submit a progress report, the City has a sample template that can be submitted if a template is not provided. Upon initial award the Grants Manager will review the requirements for invoicing and reporting and ensure the Project Manager has full understanding of grant requirements. The progress report must be submitted to the Grants Manager for review before submitting to Grantor. Upon approval, City staff will send the progress report to Grantor per award guidelines.

5. Grant Intake Form

Completed by the Project Manager for every new grant award, prior to fund setup and disbursement. It captures department and account information, funding source details, award amount and payment type, expense categories at a summary level, a checklist of required attachments (proposal, award letter, Council action, resolution, budget breakdown), and sign-off from the preparer, the department, and the Finance Department. The Grant Intake Form is submitted to the Grants Manager, who routes it to Finance along with the Grant Intake – Budget Form (below) when a detailed line-item budget is required.

6. Grant Intake – Budget Form (Detailed Budget)

A detailed, line-item budget workbook completed by the Project Manager (with Finance) for awards that require object-level budgeting. It breaks the award down by Personnel, Fringe Benefits, General Operating (by City object code), Capital Outlay, Indirect/Administrative Costs, and Other, with a total project cost that should reconcile to the summary amounts on the Grant Intake Form. Finance uses this detail to set up the grant's General Ledger account(s) and budget by object code. Not every award requires this level of detail — department and Grants Manager judgment, and the terms of the award, determine whether it is needed in addition to the Grant Intake Form.

7. Staff Report Template – Grant Submittal Authorization

Used when City Council authorization is required before a grant application may be submitted to the Grantor — that is, whenever the grant amount is $30,000 or more, or the grant carries a matching fund requirement (see "Council Approval Threshold for Grant Submittal"). Prepared by the Project Manager, in coordination with the Grants Manager, and routed through the City Manager for placement on a Council agenda. The template includes a recommendation to authorize submittal, an executive summary of the grant opportunity, background on the granting agency and the City need or Council goal the grant would serve, an analysis section identifying the full range of eligible uses of the funds and the specific activity staff recommends, and a fiscal impact section addressing any required match.

8. Staff Report Template – Grant Acceptance

Used at the Award Announcement stage to bring an awarded grant to City Council for acceptance, budget appropriation, and authorization for the City Manager to execute the grant agreement. Prepared by the Project Manager and routed through the City Manager. Companion to the Grant Submittal Authorization template — see the full template reproduced later in this Manual.

Definitions

Federal Audit Clearinghouse - A division of the Office of Management and Budget (OMB) that collects information on audit results.

Uniform Guidance – An OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” Substantially revised effective October 1, 2024, including updated Single Audit and de minimis indirect cost rate thresholds.

Pass through entity – a Non-Federal entity that provides a Federal award to a Sub-Recipient to carry out a Federal program.

Prime recipient - the direct recipient of funds to support a program or project.

Sub-award (sub-contract or sub-grant) – An enforceable agreement, made under a prime award, between a prime recipient and a Sub-Recipient for the performance of a substantive portion of the program. These terms do NOT apply to the procurement of goods or services from a vendor. (2CFR.330)

Sub-Recipient (sub-contractor or sub-awardee) - An organization eligible to receive a financial award. A Sub-Recipient's performance is measured against whether the objectives of the sponsored program are met; Sub-Recipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Sub-Recipient are responsible for performing a substantive portion of the program, as opposed to providing goods and services.

Contractor (Vendor) – An organization that provides goods and services within normal business operations. Contractors (Vendors) provide similar goods and services to many different purchasers; operate in a competitive environment; and provide goods or services that are ancillary to the operation of the sponsored program. Contractors (Vendors) may not be subject to all compliance requirements.

Unique Entity Identifier (UEI) – The 12-character, alphanumeric identifier issued by the System for Award Management (SAM.gov) that is used to identify an entity doing business with the Federal government. Effective April 4, 2022, the UEI replaced the Dun & Bradstreet DUNS number as the federal government's identifier of record; DUNS numbers are no longer issued, displayed, or accepted.

City of South Pasadena
Grant Interest Submittal Form

Departments are to submit this form to seek approval to submit a grant proposal on behalf of the City. Please fill out the information below to allow the City Manager to make an informed decision.

Project Manager:	
Department:	
Department Director:	
Grant Name:	
Granting Agency:	
Application Deadline:	
Total Maximum Funding Available:	
Local Match Requirement:	
Proposed Amount:	
Proposed Project Title:	

Proposed Project/ Program Scope of Work or Project Description. *Briefly (4-5 sentences) describe the proposed scope of work for the perspective grant opportunity.*

Date:

Audit/Debarment Certification

City of South Pasadena
Audit/Debarment Certification Form

The Contractor certifies that, neither the Contractor firm nor any owner, partner, director, officer, or principal of the Contractor, nor any person in a position with management responsibility or responsibility for the administration of federal funds:

(a) Is presently debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from covered transactions by any federal or state department/agency;

(b) Has within a three-year period preceding this certification been convicted of or had a civil judgment rendered against it for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract (federal, state, or local); violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Is presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (b) above; or

(d) Has within a three-year period preceding this certification had one or more public transactions or contracts (federal, state, or local) terminated for cause or default.

(e) The contractor is “Actively” registered with SAM.gov (System for Award Management), and has been assigned the following Unique Entity Identifier (UEI): _______________.

(f) The contractor's SAM.gov registration expiration date is: _______________, and the contractor acknowledges that registration must be renewed annually to remain active.

The Contractor further certifies that it shall not knowingly enter into any transaction with any subcontractor, material supplier, or vendor who is debarred, suspended, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department/agency.

Dated this _______ day of ____, _____

By ____________________________

Authorized Signature for Contractor

____

Printed Name and Title

Grant Intake Form

Complete this form for every new grant award prior to fund setup and disbursement.

Section A: Department Information

Department information submitting the request.

Department:		**Division:**	
Date Prepared:		**Fiscal Year:**	

Section B: Account Information

Select if this is a new account or if a GL account is available.

☐ New (go to Section D) ☐ Continuing – go to Section C

Section C: General Ledger Account

(XXX-XXXX-XXXX-XXXX-XXX) – Only applicable for existing GL accounts

Fund	Department/Program	Division/Program	Object/Project	Sub-Division

Total Budget Request:		**Effective Date:**	

Section D: Funding Details

Details regarding the funding source.

Funding Organization:	
Project / Program Name:	
Purpose of Funding / Budget:	
Funding Restrictions / Conditions:	
Program Officer Contact Information:	
Grant Manager (Internal) – Name, Title, Email:	
Award Amount:	
Award Period:	

Payment Type: ☐ Lump Sum ☐ Installments ☐ Reimbursement ☐ Other (please clarify): ____________

Section E: Expense Type

Check all categories this grant will be used to fund, and provide estimated amounts submitted to the grantor.

	Expense Category	Estimated Amount ($)	Notes
☐	A. Personnel / Salaries & Wages		
☐	B. Fringe Benefits		
☐	C. General Operating		

☐	D. Capital Outlay		
☐	E. Indirect / Administrative Costs		
☐	F. Other (specify below)		
	TOTAL		

Section F: Attachments and Appropriation Information

Check each document included with this intake packet.

- Copy of Proposal: ☐ Yes ☐ No
- Copy of Award Letter: ☐ Yes ☐ No
- Email from grantor with award amount: ☐ Yes ☐ No
- City Council Action Minutes Attached: ☐ Yes ☐ No
- Staff Report Attached: ☐ Yes ☐ No
- Resolution No. Attached: ☐ Yes ☐ No
- Budget Breakdown Attached: ☐ Yes ☐ No

Section G: Preparer and Approvals

Requested/Prepared By	Recommended By (Dept.)	Approved By (Dept. of Finance)
Name:	Name:	Name:
Title / Date:	Title / Date:	Title / Date:

Grant Intake – Budget Form (Detailed Budget)

Internal use only — completed for awards that require a detailed, line-item budget in addition to the Grant Intake Form. Only fill out what is applicable to the project; add, remove, or skip sections as needed.

Sponsoring Agency / Program:	
Department Head / Grant Manager:	
Title of Project:	
Project Period:	

Sec.	Expense Category and Details	Salary Unit/Hourly Rate (Finance-entered)	Requested Units/Hours	Total Project Cost
A.	**PERSONNEL (if applicable)**			
	[Name / Position / Dept.-Division] – line 1		0	$0
	[Name / Position / Dept.-Division] – line 2		0	$0
	Subtotal Personnel			**$0**
B.	**FRINGE BENEFITS (if applicable)**			
	[Name / Position / Dept.-Division] – line 1		0	$0
	Subtotal Fringe Benefits			**$0**
C.	**GENERAL OPERATING (add object code if not reflected)**			
	8000 – Office Supplies		0	$0
	8010 – Postage		0	$0
	8020 – Special Department Expense		0	$0
	8025 – Medical Supplies		0	$0
	8040 – Advertising		0	$0
	8050 – Printing/Duplicating		0	$0
	8062 – IT Software/Lic & Subs/Rnw		0	$0
	8109 – Equipment		0	$0
	8110 – Equipment Maintenance		0	$0
	8111 – IT Computer Equipment < $5k		0	$0
	8170 – Professional Services		0	$0
	8180 – Contract Services		0	$0
	8200 – Training Expenses		0	$0
	Subtotal General Operating			**$0**
D.	**CAPITAL OUTLAY**			
	8500 – Machinery & Equipment		0	$0
	8530 – IT Computer Equipment > $5k		0	$0
	8540 – Vehicles & Equipment		0	$0
	8545 – Vehicle Equipment		0	$0
	Subtotal Capital Outlay			**$0**
E.	**INDIRECT / ADMINISTRATIVE COST**			
	Cost Allocation Plan		0	$0
	Subtotal Indirect / Administrative Cost			**$0**
F.	**OTHER (specify below)**			
	[Specify]		0	$0
	Subtotal Other			**$0**
G.	**TOTAL PROJECT COST**			**$0**

Staff Report Template – Grant Submittal Authorization

DATE: [MEETING DATE]

FROM: [City Manager Name], City Manager

PREPARED BY: [STAFF, TITLE]

SUBJECT: Consideration to Authorize Submittal of a Grant Application to [GRANTING AGENCY] in the Amount of [AMOUNT] for [PROJECT TITLE]

Recommendation

It is recommended that the City Council authorize the preparation and submittal of a grant application to [AGENCY] in the amount of [AMOUNT, IF AVAILABLE] to support the [PROGRAM/AREA].

Executive Summary

This section should be a very high-level summary of your report. One to three paragraphs that focus on: 1) the grant opportunity, 2) the program/activity that is proposed to be funded, and 3) the Council goal/community need/work plan item that is met through the grant. Avoid technical details — focus on the "what" and "why." The detail will be in the Background, Analysis, and Fiscal Impact sections.

Background

- Include a brief description of the granting agency and the stated goals of the grant.
- If applying in response to City Council direction, a Council goal, a department work plan, or a community need, include that here.
- If the City has already prepared a study, plan, or other document that identified a need which the proposed grant can fund, include the date the study/plan/document was adopted, a brief description, and any related recommendations.

Analysis

Section 1: Describe the grant opportunity — the granting agency, stated purpose, goals of the grant, and application deadline.

Section 2: Identify ALL possible uses for the grant funds, not just the activity staff is recommending, so Council understands the full range of eligible uses (a full list may be attached if included in the NOFA).

Section 3: Identify the specific activity staff recommends funding, and the reasons why — tied to Council direction, a Council goal, a department work plan, or community need.

Conclusion: "For those reasons, staff recommends City Council authorize staff to submit a grant application to [GRANTING AGENCY] for [ACTIVITY] in the amount of [AMOUNT]."

Fiscal Impact

Provide the amount of the grant and whether there is a match requirement. If there is a match, provide a plan for how staff proposes to meet/fund the match requirement.

Attachment

Provide supporting materials without crowding the main report, e.g., Notice of Funding from the granting agency.

Staff Report Template – Grant Acceptance

DATE: [MEETING DATE]

FROM: [City Manager Name], City Manager

PREPARED BY: [STAFF, TITLE]

SUBJECT: Consideration to Accept a Grant Award from [GRANTING AGENCY] in the Amount of [AMOUNT] for [PROJECT TITLE], and Appropriating Funds Therefor

Recommendation

It is recommended that the City Council: 1) accept the grant award from [GRANTING AGENCY] in the amount of [AMOUNT] for [PROJECT/PROGRAM]; 2) adopt Resolution No. [XXX] appropriating the grant funds and, if applicable, the required City match; and 3) authorize the City Manager to execute the grant agreement and any related documents on behalf of the City.

Executive Summary

One to three paragraphs summarizing: 1) that the grant application described in a prior staff report (if applicable) was awarded, 2) the program/activity that will be funded, and 3) the Council goal/community need the grant serves. Avoid technical detail here — that belongs in Background, Analysis, and Fiscal Impact.

Background

- Note the date and outcome of any prior Council action authorizing submittal of the application (staff report date, Resolution No., if applicable).
- Briefly describe the granting agency and the purpose of the grant program.
- Summarize the application that was submitted and the scope of work/activities proposed.

Analysis

Section 1: Describe the terms of the award — award amount, period of performance, any required match or cost-share, and key compliance or reporting obligations (e.g., quarterly reporting, Single Audit implications, procurement standards).

Section 2: Describe the scope of work/activities to be funded and how they align with the originally proposed use of funds.

Section 3: Identify any additional City resources, staffing, budget amendments, or appropriations needed to implement the grant, including the source of funds for any required match.

Conclusion: "For these reasons, staff recommends City Council accept the grant award from [GRANTING AGENCY] in the amount of [AMOUNT] and appropriate the associated funds."

Fiscal Impact

State the award amount, any required match and the funding source for the match, the net fiscal impact to the City budget, and any anticipated ongoing costs to the City after the grant period ends (e.g., if the grant funds a position or service that the City may choose to continue).

Attachments

- Notice of Award / Award Letter
- Grant Agreement / Contract (draft or executed, as available)
- Resolution
- Grant Intake Form and, if applicable, Grant Intake – Budget Form

City of South Pasadena
Grant Tracking Closeout Form

Departments are to submit this form, along with the final invoice and expenditure report submitted to the granting agency, to the Grants Manager.	
Project Manager:	
Department:	
Department Director:	
Grant Name:	
Granting Agency:	
Funding Lapse Date:	
Actual Expended Funding Amount:	
Award Amount:	
Project/ Program Title:	
Project/ Program Start Date:	
Project/ Program Completion Date:	
Final Project/ Program Description. *Please describe the project/ program, its alignment with the City's strategic goals and the accomplishments achieved through the grant-funded project/ program.*	

Date:

Attachment No. 2

MEMORANDUM

To: City of South Pasadena

From Townsend Public Affairs

Date: July 9, 2026

Subject: Recommendations on Addressing OMB's Proposed Revision of the Uniform Guidance for Federal Funding Assistance

SUMMARY

On May 29, the White House Office of Management and Budget (OMB) published a Proposed Rule in the Federal Register affecting all federal grantmaking by making significant modifications to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, also known as the Uniform Guidance or 2 Code of Federal Regulations (2 CFR) Part 200.

The changes would consolidate OMB's authority over federal grantmaking by:

- Making the Uniform Guidance binding, and the actual requirements for grantees.
- Give the Administration unilateral authority to terminate, suspend, or withhold federal awards.
- Require pre-issuance reviews by senior political appointees.
- Makes peer review and technical assistance from civil servants advisory and non-binding.
- Require grantees to demonstrably advance the President's priorities, comply with Executive Orders, and advance the public and national interest as defined by the Administration.

The rule also has a number of provisions potentially impacting the official and unofficial speech of local governments, officials, and subrecipients, which is detailed later in this memo. While the Proposed Rule would have significant impacts regarding the politicization of grants, it could also make significant changes to financial oversight and grant administration.

The Uniform Guidance is currently a recommended template for grantmaking agencies and provided some best practices for recipients to consider when issuing grants. Under the Proposed Rule, it would become binding, and the regulatory basis for all grants.

The Proposed Rule is open for Public Comment until July 13, after which OMB will respond to comments and issue a final rule before the end of the federal fiscal year on September 30. <u>Agencies are actively preparing for the rule to go into effect on October 1 by working on revisions bringing their own grant administration regulations into compliance with the proposed rule.</u>

RECCOMENDATIONS

Recommendations to Administratively Prepare for Implementation

TPA has coordinated with national organizations and various Congressional committees and members of Congress regarding the Proposed Rule. National Organizations including the US Conference of Mayors, National Association of Counties (NACo), National League of Cities (NLC), and Government Finance Officers Association (GFOA) have produced a number of recommendations for local governments to prepare for implementation of the Proposed Rule.

Central to this guidance is the idea that the speech-related provisions will likely be litigated in court or could be clarified by OMB following the public comment period. Therefore, the recommendations focus on the financial oversight and compliance implications of the Proposed Rule, specifically recommending local governments:

1. Monitor, track, and evaluate all federal funding sources, including pass-through funding from the State in a centralized manner.
2. Review all grant terms and conditions, including current governance structures for reporting, drawing down funding, and expending funding.
3. Shift grant administration oversight from individual departments towards organization wide attorneys and finance departments.
4. Assess readiness to implement Department of Homeland Security E-Verify Immigration Status Checks for subrecipients and partner organizations, including establishing compliant documentation standards.
5. Review payment verification processes, including who has the authority to sign for the grant recipient, agree to and negotiate terms, and approve the drawdown of federal funding.
6. Enhance monitoring systems, including the frequency of check-ins, random sampling of grants for compliance (self-auditing), audit simulations, enhancing documentation standards and rigor.
7. Memorialize grant administration in formal documents, *beyond emails*. Creating a central repository to track individual grant performance and administration.
8. Ensure adherence to organization-wide processes and procedures for grant administration, strengthen documentation of those processes and procedures in anticipation of more frequent auditing.
9. Assess risk of federal funding loss, including based on organization or subrecipient activities contrary to the Administration's values, fiscal or program performance, or up to 90-day drawdown delays.

Considerations on Advocacy Related to the Proposed Rule

The national organizations representing local governments are actively encouraging local governments to write public comments opposing the rule and requesting clarification on the speech related provisions. TPA has also been engaging with members of Congress and the House Committee on Oversight and Government Reform regarding the potential impacts.

There is the prospect of risk that publicly opposing the rule could lead to punitive action from the Administration. The national organizations argue that risk can be mitigated if large numbers of local governments comment. As of writing, the rule has over 80,000 comments. A well-crafted and effective public comment does not have to take a position on the proposed rule, instead it can request clarification and detail how you may change your grants administration process as a result of the provisions in the Proposed Rule.

It is also helpful to make your Congressional delegation and their staff aware of the potential impacts of implementing the rule. This could include descriptions of how a project might be affected if the grant supporting it is cancelled mid-cycle, how your organization may choose to decline to apply for or receive federal funding if the community-based organization completing the work could be seen as causing "reputational harm" to the federal government or the Administration, or other real-world, community or service specific impacts.

Any potential budget issues that could arise are also worth noting, simulating how the termination of grants would affect the organization's ability to provide services or complete work on a project in a timely manner. Informing staff regarding these changes would allow the members to advocate on your organization's behalf.

If you wish to submit a public comment, a comment letter can be submitted to Regulations.gov https://www.regulations.gov/document/OMB-2026-0034-0001. Or by searching OMB-2026-0034-0001 on Regulations.gov and clicking the "comment" button. Comments are due by July 13, 2026.

KEY ADMINISTRATIVE CHANGES IN THE RULE

The proposed rule makes significant administrative changes to the federal award lifecycle, giving OMB and agencies more direct control over federal funding. OMB in the Proposed Rule listed three overarching goals: improving transparency, accountability, and oversight; clarify that the uniform guidance is a regulation not a recommendation, reduce the burden of grant administration on recipients.

The most immediately impactful provisions would:

- Provide OMB and the Administration the ability to terminate, suspend, or issue stop work orders for all federally funded projects, does not require the government to consider a recipient's financial obligations incurred expecting reimbursement through the grant.
    - Makes this authority at the discretion of the Administration.
    - Requires grantees to advance the public and national interest as defined by the Administration. (2 CFR 200.340 revision)
- Have Federal Agencies assess recipients, including local governments, for non-financial risk factors, including affiliations or memberships in organizations that do not align with Administration priorities. Does not clarify whether or not the membership/affiliations must be official to be considered, or whether the actions of local elected officials or staff could be considered. (2 CFR 200.206 revision)
- Enhance reporting requirements for subawards, including more detailed accounting of expenditures. Requires recipient (local government) to vet subrecipients to ensure they do "not take actions that could significantly damage the reputation of the pass-through entity, the Federal agency making the award, or the Federal Government." (2 CFR 200.332 revision)
- Require "viewpoint neutrality" in providing event services of an "expressive" nature, even if unrelated to the federal funding or not using the federal funding. (2 CFR 200.219 revision)

- Require grantees to participate in and use the Department of Homeland Security's (DHS) E-Verify system, and conduct immigration status checks on all subrecipients and their employees. (2 CFR 200.303 revision)
- Require agencies to verify recipient eligibility through SAM.gov and the Treasury's "Do Not Pay" system before processing drawdowns, and requires grantees to submit justifications with each drawdown request, some agencies already require this. (2 CFR 200.305 revision)

The Proposed Rule also eliminates requirements for agencies to use "disparate impact theories" (also known as Diversity, Equity, and Inclusion (DEI) principles) in applications and scoring for grants, eliminates other requirements considered ancillary to the purpose of the funding, and makes technical and scientific advice on grantmaking from civil servants advisory to the senior political appointees who would become final approvers for awards.

Additionally, requests to draw down funding could trigger new conditions on the award imposed by the Administration throughout the lifecycle of a grant. As listed above, it is recommended to have finance officers and attorneys review any documentation provided by the agency before accepting the funding following a drawdown request.

Some benefits may be drawn from other provisions in the rule. It requires simplified applications and all grant applications to eventually run through grants.gov. Administration procedures will become more uniform, and could mean employees working to manage the funding will be required to have less specialized expertise in the regulations for each individual agency in order to manage the funding effectively. Plain language requirements could make certain, very technical grants, easier to apply for with less complex guidance and information required to both apply and administer the funding.

EXPECTATIONS AND IMPLENTATION

Once the public comment period closes on July 13, 2026, OMB will begin to respond to comments and has stated they will make changes before issuing a Final Rule. Agencies are preparing to implement a Final Rule at the start of federal Fiscal Year 2027 (FY27) on October 1, 2026.

In combination with other regulatory changes the Administration and OMB are pursuing, including new conditions in SAM.gov registration, expanded penalties for financial malfeasance and criteria for being placed on the Treasury "Do Not Pay" list, immigration enforcement funding conditions, and agreements to comply with the President's Executive Orders being included in more NOFOs and grant agreement drafts, the federal grantmaking landscape is becoming more complex for local governments to navigate.

OMB and Agencies are expected to increase the frequency of both entity-wide and single award audits for compliance with the new rules once implemented. In anticipation of this increased audit activity, many national organizations are recommending organizations prepare financially before beginning to assess their risk for the event services and reputational harm provisions. The Administration is also expected to begin more rigorous monitoring of subrecipients and their activities, which could include speech-related provisions under the "reputational harm" language in the Proposed Rule.

The speech provisions are likely to become targets for lawsuits, as the Administration's prior attempts to cancel grants for similar actions led to court decisions stating the Administration lacked a statutory and regulatory basis for such actions. Any Final Rule will likely generate new litigation on these issues, especially once the Administration begins to enforce and apply it to grantees.

Finance Commission Agenda Report

ITEM NO. 5

DATE: August 27, 2026

FROM: Nick Kimball, Assistant City Manager/CFO

PREPARED BY: Mark Siegfried, Accounting Manager/Controller

SUBJECT: DISCUSSION OF OTHER POSTEMPLOYMENT BENEFITS AND SECTION 115 TRUST PROGRAM

RECOMMENDATION

It is recommended that the Finance Commission:

a. Receive an informational report on the City's Other Postemployment Benefits (OPEB) and Section 115 Trust Programs; and
b. Provide recommendation regarding program options and next steps.

EXECUTIVE SUMMARY

Governmental Accounting Standards Board (GASB) Statement No. 75 requires the City to recognize its OPEB liability, primarily retiree health benefits, on its financial statements, with the liability measured annually through an actuarial valuation. To improve long-term sustainability, the City reduced retiree medical benefits for new employees in 2020 and established a CalPERS CERBT Section 115 Trust in 2022, growing its initial $1.125 million contribution to approximately $1.77 million as of July 31, 2026 through an annualized return of about 11.7%. While OPEB liabilities remain subject to healthcare cost inflation, retiree demographics, and other long-term risks, the City continues to manage these obligations through actuarial planning, budgeting, and prefunding strategies.

Staff is now evaluating whether to continue investing through the CalPERS CERBT Trust or pursue a third-party investment advisor that could provide greater investment flexibility and potentially higher returns, subject to increased fees and investment risk.

BACKGROUND

In June 2015, the Government Accounting Standards Board issued Statement No. 75 (GASB 75) that required cities to recognize Other Post Employment Benefits (other than pensions) liability on the government-wide financial statements (similar to what GASB

68 did for pensions), instead of mainly disclosing it in the notes. For most cities, Other Post Employment Benefits (OPEB) include primarily retiree health benefits. GASB 75 was effective for the financial statements for the fiscal year ending June 30, 2018.

OPEB liability is determined annually through an actuarial study prepared through a professional services agreement with Foster & Foster, Inc.

In April 2022, the City began participating in the California Employers' Retiree Benefit Trust (CERBT) Fund to prefund retiree health benefits. CERBT is a multiple employer tax exempt Trust organized under Section 115 of the Internal Revenue Code dedicated to prefunding Other Post-Employment Benefits (OPEB) for all eligible California public agencies. Assets placed into a Section 115 Trust remain restricted for their intended governmental purpose and are generally managed separately from the City's operating funds.

ANALYSIS

OPEB are provided to support a stable, professional public workforce by helping the City attract, retain, and responsibly transition employees into retirement after a career of public service. These benefits recognize long-term service and access to health care when employees are no longer working, and reduce financial insecurity in retirement. When offered and managed prudently, OPEB benefits promote workforce continuity, support institutional knowledge, and help ensure that public services are delivered effectively and reliably over time. OPEB benefits are generally determined by:

- Eligibility provisions established through labor agreements and City policy
- Years of service and retirement status
- The type and level of benefit offered (e.g., medical coverage or premium assistance)

Unlike pensions, OPEB benefits are not prefunded through CalPERS unless the City establishes a separate irrevocable trust dedicated to paying such costs. Many cities fund OPEB benefits on a pay-as-you-go basis, which means the retiree health premiums are paid when the bills come due each year. For example, if there are 50 retired employees on a city’s plan at an average of $10,000 per year in premium costs. A city providing the benefit on a pay as you go basis pays the $500,000 due that year directly from the General Fund rather than from funds previously set aside to pay such costs.

In 2020, the City worked with the bargaining units to reduce the retiree medical benefits for all new employees to the lowest legal amount, which is the Public Employees’

Medical and Hospital Care Act (PEMHCA) minimum. The PEMHCA minimum is $162 per month in 2026.

Below are the OPEB benefits in effect as of June 30, 2026:

Hire Date	**Benefit Level**
Hired prior to July 1, 2020	PEMHCA Minimum Contribution + HRA Contribution for a total not to exceed $625 per month.
Hired on or after July 1, 2020	PEMHCA Minimum Contribution Only

Key Issues and Risks

Over the next several years, the City's OPEB costs and liabilities will continue to be influenced by a combination of healthcare, demographic, and policy-related factors. While OPEB benefits are typically more flexible than pension benefits, they are also subject to uncertainty related to medical cost inflation and retiree utilization patterns. Key issues and risks to monitor include:

1. <u>Healthcare Cost Trends</u>
   Medical and prescription drug cost inflation can increase OPEB liabilities over time, even if benefit levels remain unchanged.

2. <u>Retiree Demographics and Longevity</u>
   As retirees live longer and healthcare utilization increases with age, the duration and cost of OPEB benefits may increase.

3. <u>Limited Local Control</u>
   Although cities have more local control over OPEB benefits than pensions, there are contractual agreements that need to be bargained and state law requiring a minimum level of retiree health benefits (i.e. PEMHCA) that limit the City's ability to unilaterally reduce costs.

4. <u>Credit Rating Considerations</u>
   Rating agencies evaluate unfunded OPEB liabilities alongside pension obligations when assessing the City's overall financial condition.

Mitigation Strategies
As part of its broader financial planning efforts, the City actively monitors OPEB costs and actuarial valuations to ensure long-term sustainability. Mitigation strategies focus on maintaining transparency, aligning benefits with workforce needs, and incorporating OPEB obligations into annual budgeting and long-range forecasts. These practices help the City anticipate future costs while maintaining flexibility to respond to changing conditions.

The City has implemented the following mitigation strategies:

1. In FY 2020-2021, the City worked with the bargaining units to reduce the retiree medical benefits for all new employees to the lowest legal amount, which is the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum.

2. In June 2022, the City established an irrevocable Section 115 Trust through a program offered by CalPERS to help prefund future OPEB contributions. The initial contribution by the City was $1,125,000. The City has not made any additional contributions since the initial deposit in 2022. The balance of the Trust has increased to $1,772,443 as of July 31, 2026 through a rate of return of approximately 11.7%.

3. The City incorporates actuarially determined OPEB costs and projections into the annual budget process.

4. Continue to monitor employment levels as it relates to number of employees who are Classic members versus those who are Public Employees' Pension Reform Act (PEPRA) members and how this will impact future budgets.

Policy Consideration
As the City continues to look at long-term strategies especially when it comes to OPEB obligations, staff has looked at pros and cons of possibly moving away from using the CalPERS CERBT Section 115 Trust and determine if it is in the best interest to have a third-party investment advisor manage the Trust in order to provide better returns for these City funds.

CalPERS CERBT
The California Employers' Retiree Benefit Trust (CERBT) Fund is a multiple-employer, IRS Section 115 trust administered by CalPERS specifically to help California public agencies prefund Other Post-Employment Benefits (OPEB) such as retiree health benefits. It is one of the largest and most established OPEB prefunding vehicles available to California public agencies, with more than 600 participating employers,

including 148 cities, and combined trust assets of approximately $25.2 billion. The City currently invests its Trust assets in CERBT Strategy 1, one of three preset asset allocation strategies CalPERS makes available to participating employers.

Since CERBT is a commingled, or pooled, trust, the City's contributions are invested alongside those of every other participating agency that selects the same strategy; meaning the City does not maintain a separate account or select individual investments. CalPERS' internal investment staff, working with outside consultants, manage the underlying portfolios and diversify assets across five public market asset classes: global equity, fixed income, real estate investment trusts (REITs), Treasury Inflation-Protected Securities (TIPS), and commodities. Each strategy targets a different long-term risk and return profile, summarized below.

CERBT Investment Strategy Options

Asset Class / Metric	Strategy 1 (City's Current Strategy)	Strategy 2	Strategy 3
Global Equity	49%	34%	23%
Fixed Income	23%	41%	51%
REITs	20%	17%	14%
TIPS	5%	5%	9%
Commodities	3%	3%	3%
Expected Long-Term Return	**6.4%**	**6.1%**	**5.8%**
Expected Volatility (Std. Dev.)	**11.5%**	**9.5%**	**8.1%**

CalPERS charges a single, all-in administrative fee of 8.5 basis points (0.085%) of assets under management annually, which covers investment management, trustee, recordkeeping, administrative, legal, and compliance services. As of June 30, 2025, CERBT Strategy 1 (approximately $22.0 billion in total plan assets since its June 2007 inception) had produced a net return of 12.35% over the trailing one year, 9.92% annualized over three years, 7.97% annualized over five years, and 6.90% annualized over ten years.

CalPERS CERBT – Pros and Cons

Pros	Cons
• **Stable, diversified returns with comparatively low risk.** CalPERS' Strategy 1 has an expected long-term return of 6.4%, achieved through professional, institutional-scale portfolio management.	• **Minimal City control over investment decisions.** Assets are commingled with those of all other CERBT participants and invested according to CalPERS' preset strategies; the City cannot customize the portfolio, exclude specific holdings, or select individual investments.
• **Low cost.** CalPERS' flat 8.5 basis point (0.085%) administrative fee is among the lowest available for OPEB trust programs and requires no separate custodian, trustee, or investment advisor fees.	• **Limited choice of strategies.** Only three preset asset allocation options are offered; agencies that want a more tailored risk/return profile or alternative investments have no ability to do so within CERBT.
• **Minimal staff time and administrative burden.** The Trust is essentially a “set it and forget it” program that does not require ongoing portfolio oversight, manager selection, or rebalancing decisions by City staff.	• **Potential to forgo higher returns available elsewhere.** Because CERBT's strategies are relatively conservative and pooled, the City may be foregoing incremental returns that a more customized or actively managed portfolio could produce, particularly over multi-year periods.
• **Established, low-risk institutional program.** CERBT is a well-established, state-administered program with a long track record, strong fiduciary oversight by the CalPERS Board, and no minimum contribution requirements.	• **Governance decisions are made by the CalPERS Board, not the City.** The Board may periodically revise strategy definitions, fee structures, or plan rules, and the City has no direct input into those changes.

Third-party 115 Trust Program

An alternative to the CalPERS pooled investment model is a third-party 115 Trust Program through which the City engages an independent Registered Investment Advisor (RIA) to serve as investment advisor and fiduciary for the City's OPEB (and, if desired, pension prefunding) trust assets.

These arrangements typically separate the Trust into distinct roles:

1) Trust administrator/consultant that coordinates the overall program and monitors compliance;
2) Investment advisor/fiduciary (an SEC-registered RIA) that constructs and manages the portfolio;
3) Directed trustee that provides fiduciary oversight of asset custody and plan administration, and
4) Independent custodian bank that holds and safeguards the assets.

Under California Government Code Section 53600.3, the City's governing body remains a trustee and fiduciary of these public funds regardless of which program it selects, and is subject to the prudent investor standard.

Unlike CERBT's commingled structure, third-party 115 Trust programs typically hold each participating agency's assets in an individual account, giving the City access to a broader menu of investment options. Providers commonly offer a suite of base portfolios – spanning from all-fixed-income to all-equity – that can be further customized, blended between active and passive management, and paired with a City-specific Investment Policy Statement (IPS) that defines risk tolerance, liquidity needs, and the timing of future contributions or benefit payments. Portfolios are typically valued daily, and the City would have direct access to the advisor's portfolio management team, quarterly rebalancing, and regular performance reviews.

Fees for third-party programs are asset-based and typically bill the administrator, custodian, directed trustee, and investment advisor separately, so the all-in cost is typically higher than CalPERS' flat 8.5 basis point fee, but can be offset by higher investment returns (see “case study” below).

Other Third-Party Investment Advisor – Pros and Cons

Pros	Cons
• **Greater control and customization.** The City could select from a broader menu of portfolio models, customize asset allocation, and adjust the portfolio based on its risk tolerance and the timing of future contributions or benefit payments.	• **Higher, multi-layered fees.** Administration, custody, trustee, and investment management are typically billed separately; illustrative proposals reviewed by staff show an all-in cost of roughly 0.25% of assets, well above CalPERS' 0.085% flat fee.
• **Potential for enhanced long-term returns.** Illustrative comparisons show that comparably allocated third-party portfolios have, at times, modestly outperformed	• **Increased investment and volatility risk.** Higher potential returns generally come with higher potential losses; performance is not guaranteed and a third-party portfolio can

CalPERS' pooled CERBT strategies, particularly at higher equity allocations.	also underperform CERBT in a given period.
• **Dedicated fiduciary service model.** A third-party RIA acts as a full fiduciary, must act in the City's best interest, and typically provides a dedicated local service team with direct access to the portfolio management team.	• **Greater administrative complexity and staff time.** The City would need to issue and evaluate an RFP, negotiate and execute multiple legal agreements (trust document, administrative services agreement, investment fiduciary agreement, and IPS), and take on more active, ongoing oversight of the relationship.
• **Flexible governance features.** Daily portfolio valuation and account access, customizable reporting, and defined transfer/termination provisions (e.g., a 60-day trustee-to-trustee transfer) give the City more flexibility than CERBT's pooled structure.	• **Less standardized and less proven for the City specifically.** Because terms vary by provider, the City would need to complete due diligence on each candidate's SEC registration, fiduciary track record, fee transparency, and financial stability before committing funds.

Case Study

While informally exploring the third-party 115 Trust program, the City received an overview from a prospective provider that indicated a combined administration, custody, trustee, and investment management fee of approximately 25 basis points (0.25%) of assets compared with 8.5 basis points (0.085%) for CalPERS. That same illustrative proposal showed portfolios with allocations similar to the City's current CERBT strategy modestly outperforming CERBT over one-, three-, and five-year periods.

As an example, a 70% equity/30% fixed income allocation (comparable to CERBT Strategy 1) showed the following results:*

Investment Period	Third-Party Performance (a)	CalPERS Performance (b)	Difference (a-b)
1-year	23.47%	21.36%	+2.11%
3-year	17.22%	14.93%	+2.29%
5-year	8.73%	6.48%	+2.25%

*NOTE: These figures are illustrative only, reflect a single provider's proposal, and are not a guarantee of future results; actual terms, fees, and performance would need to be verified and negotiated through a competitive RFP process.

NEXT STEPS
The Finance Commission may:

1. Receive and file this report.
2. Recommend staff to prepare an RFP for third party investment advisory and trust administration services.
3. Recommend that staff do not pursue an RFP for third party investment advisory and trust administration services at this time and continue participation in the CalPERS CERBT Section 115 Trust.

FISCAL IMPACT
This report is informational only.

ATTACHMENT(S)
None