



CUPERTINO

CITY OF CUPERTINO

AGENDA

AUDIT COMMITTEE

10185 North Stelling Road, Quinlan Conference Room and via Teleconference
Monday, April 27, 2026
4:00 PM

IN-PERSON AND TELECONFERENCE / PUBLIC PARTICIPATION INFORMATION

OPTIONS TO OBSERVE:

Members of the public wishing to observe the meeting may do so in one of the following ways:

- 1) Attend in person at Quinlan Community Center, Conference Room, 10185 N. Stelling Road.
- 2) Watch a live stream online at <https://youtube.com/@cupertinocitycommission>.
- 3) Attend in person at a remote Teleconference Location noticed pursuant to Gov. Code 54953(b)(2), which location, if noticed, would be stated on the cover page of this agenda.

OPTIONS TO PARTICIPATE AND COMMENT:

Members of the public wishing to address the Audit Committee may do so in the following ways:

- 1) Appear in person at Quinlan Community Center, Conference Room, 10185 N. Stelling Road:

During "Oral Communications", the public may comment on matters not on the agenda, and for agendized matters, the public may comment during the public comment period for each agendized item.

Speakers are requested to complete a Speaker Card. While completion of Speaker Cards is voluntary and not required to attend the meeting or provide comments, it is helpful for the purposes of ensuring that all speakers are called upon.

Speakers must wait to be called and may begin speaking when recognized by the Chair.

Speakers are limited to three (3) minutes each. However, the Chair may reduce the speaking time depending on the number of people who wish to speak on an item. A speaker representing a group of 2 to 5 or more people who are present may have up to 2 minutes per group member, up to 10 minutes maximum.

Please note that due to cyber security concerns, speakers are not allowed to connect any personal devices to any City equipment. However, speakers that wish to share a document (e.g. presentations, photographs or other documents) during oral comments may do so by:

E-mailing the document to auditcommittee@cupertino.gov by 1:00 p.m. and staff will advance the slides/share the documents during your oral comment.

2) Written communications as follows:

E-mail comments to AuditCommittee@cupertino.gov.

Regular mail or hand delivered addressed to the: Cupertino Audit Committee, City Hall, 10300 Torre Avenue, Cupertino, CA 95014

Comments addressed to the Audit Committee received by 2:00 p.m. on the day of the meeting will be included in written communications published and distributed before the beginning of the meeting.

Comments addressed to the Audit Committee received after the 2:00 p.m. deadline, but through the end of the Commission meeting, will be posted to the City's website by the end of the following business day.

3) Teleconference in one of the following ways:

Online via Zoom on an electronic device (Audio and Video): Speakers must register in advance by clicking on the link below to access the meeting:

https://cityofcupertino.zoom.us/webinar/register/WN_IESdiGGuRMqzhp4E4eYTiw

Registrants will receive a confirmation email containing information about joining the webinar.

Speakers will be recognized by the name they use for registration. Once recognized, speakers must click 'unmute' when prompted to speak.

Please read the following instructions about technical compatibility carefully: One can directly download the teleconference (Zoom) software or connect to the meeting in their internet browser. If a browser is used, make sure the most current and up-to-date browser, such as the following, is used: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers, including Internet Explorer.

By Phone (Audio only): No registration is required in advance and speakers may join the meeting as follows:

Dial 669-900-6833 and enter WEBINAR ID: 852 3784 1754

To “raise hand” to speak: Dial *9; When asked to unmute: Dial *6

Speakers will be recognized to speak by the last four digits of their phone number.

Via an H.323/SIP room system:

H.323 Information:

144.195.19.161 (US West)

206.247.11.121 (US East)

Meeting ID: 852 3784 1754

SIP: 85237841754@zoomcrc.com

Online via the teleconferencing device (Audio and Video) being used to provide access to the meeting from a remote Teleconference Location noticed pursuant to Gov. Code 54953(b) (2), which location, if noticed, would be stated on the cover page of this agenda.

Speakers are required to notify the City Clerk via email to cityclerk@cupertino.gov prior to noon on the date of the meeting during which they plan to participate and comment from the remote location noticed to ensure the City Clerk is prepared to accept their comment.

If the teleconferencing device malfunctions impeding access to the meeting from the remote location, the speaker may alternatively participate via the other options for remote participation provided above.

ROLL CALL

POSTPONEMENTS**ORAL COMMUNICATIONS**

This portion of the meeting is reserved for persons wishing to address the Committee on any matter within the jurisdiction of the Committee and not on the agenda. Speakers are limited to three (3) minutes. In most cases, State law will prohibit the Commission from making any decisions with respect to a matter not on the agenda.

CONSENT

1. Subject: Approval of January 26, 2026 Audit Committee meeting minutes
Recommended Action: Approval of January 26, 2026 Audit Committee meeting minutes
[A - Draft Minutes](#)

2. Subject: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026 and forward to City Council
Recommended Action: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026 and forward to City Council
Presenter: PARS and US Bank
[A - OPEB Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026](#)

3. Subject: Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026
Recommended Action: Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026 and forward to City Council
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler Asset Management
[Staff Report](#)
[A – Chandler Investment Report March 2026](#)
[B – Chandler Custodial Statement March 2026](#)
[C – PARS Pension and OPEB Account Statement March 2026](#)
[D – LAIF Account Statement March 2026](#)

OLD BUSINESS**NEW BUSINESS**

4. Subject: INFORMATIONAL ITEM Receive the Internal Audit and Fraud, Waste, and Abuse programs update

- Recommended Action: Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Presenter: Baker Tilly
4:00(15)
[A - City of Cupertino Internal Audit Status Report 04-20-26](#)
[B - Cupertino Audit Validation Report - April 2026](#)
5. Subject: INFORMATIONAL ITEM Receive City Council Policy Review Final Report
Recommended Action: Receive City Council Policy Review Final Report
Presenter: Baker Tilly
4:15(15)
[A - Cupertino Council Policy Final Report](#)
6. Subject: ACTION ITEM Annual Review of the City's Investment Policy
Recommended Action: Receive Updated City's Investment Policy and forward to City Council for Adoption
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler
4:30(15)
[Staff Report](#)
[A - Cupertino Investment Policy \(redline\)](#)
7. Subject: INFORMATIONAL ITEM Receive the Single Audit and Agreed Upon Procedures (AUP) Reviews - GANN Limit, Investment Policy, Storm Drain
Recommended Action: Receive the Single Audit and Agreed Upon Procedures (AUP) Reviews - GANN Limit, Investment Policy, Storm Drain
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and The Pun Group
4:45(15)
[A - City of Cupertino Single Audit Final Report](#)
[B - City of Cupertino Investment AUP Final Report](#)
[C - City of Cupertino Storm Drain AUP Final Report](#)
[D - City of Cupertino GANN Final Report](#)
8. Subject: ACTION ITEM Discuss amendments to Audit Committee Duties, Powers, and Responsibilities
Recommended Action: Receive the presentation and provide feedback on proposed amendments to the Audit Committee's duties, powers, and responsibilities, including potential changes to meeting frequency and expanded financial oversight.
Presenter: Jonathan Orozco, Finance Manager
5:00(30)
[Staff Report](#)
[A - Municipal Code - Chapter 2.88 Audit Committee](#)

9. Subject: INFORMATIONAL ITEM Receive the proposed Audit Committee 2026 Schedule and Workplan
Recommended Action: Receive the proposed Audit Committee 2026 Schedule and Workplan
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer
5:30 (5)
[A - Proposed Audit Committee 2026 Schedule and Work Plan](#)

STAFF AND COMMITTEE REPORTS

COMMITTEEMEMBER ATTENDANCE AT UPCOMING MEETINGS AND EVENTS

FUTURE AGENDA SETTING

ADJOURNMENT

In compliance with the Americans with Disabilities Act (ADA), anyone who is planning to attend this meeting who is visually or hearing impaired or has any disability that needs special assistance should call the City Clerk's Office at 408-777-3223, at least 48 hours in advance of the meeting to arrange for assistance. In addition, upon request in advance by a person with a disability, meeting agendas and writings distributed for the meeting that are public records will be made available in the appropriate alternative format.

Any writings or documents provided to a majority of the members after publication of the agenda will be made available for public inspection. Please contact the City Clerk's Office in City Hall located at 10300 Torre Avenue, Cupertino, California 95014, during normal business hours.

IMPORTANT NOTICE: Please be advised that pursuant to Cupertino Municipal Code section 2.08.100 written communications sent to the City Council, Commissioners or staff concerning a matter on the agenda are included as supplemental material to the agenda item. These written communications are accessible to the public through the City website and kept in packet archives. Do not include any personal or private information in written communications to the City that you do not wish to make public, as written communications are considered public records and will be made publicly available on the City website.



CITY OF CUPERTINO

Agenda Item

26-15069

Agenda Date: 4/27/2026
Agenda #: 1.

Subject: Approval of January 26, 2026 Audit Committee meeting minutes

Approval of January 26, 2026 Audit Committee meeting minutes



DRAFT MINUTES
AUDIT COMMITTEE
Monday, January 26, 2026

At 4:00 p.m. Chair Eno Schmidt called the regular Audit Committee Meeting to order at the Quinlan Conference Room, 10185 North Stelling Road and via teleconference.

ROLL CALL

Present: Chair Eno Schmidt, Vice Chair Hanyan Wu, and Vice Mayor Kitty Moore. Absent: Council Member R “Ray” Wang, and Committee Member William Wong.

POSTPONEMENTS AND ORDERS OF THE DAY – None

ORAL COMMUNICATIONS – None

CONSENT CALENDAR

Committee members asked questions which Jonathan Orozco, Acting Director of Administrative Services responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Moore moved and Wu seconded to approve all the consent calendar items. The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

1. Subject: Approval of December 1, 2025 Audit Committee meeting minutes
Recommended Action: Approval of December 1, 2025 Audit Committee meeting minutes.
2. Subject: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending December 30, 2025 and forward to City Council
Recommended Action: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending December 30, 2025 and forward to City Council
Presenter: PARS and US Bank
3. Subject: Receive the Treasurer's Investment Report for the Quarter Ending December

31, 2025

Recommended Action: Receive the Treasurer's Investment Report for the Quarter Ending December 31, 2025 and forward to City Council

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler Asset Management

OLD BUSINESS – None

NEW BUSINESS

4. Subject: ACTION ITEM Appointment of Chair and Vice Chair
Recommended Action: Appoint Chair and Vice Chair
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer 4:10(10)

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Wu moved and Moore seconded to nominate Chair Schmidt for Chair. The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

MOTION: Schmidt moved and Moore seconded to nominate Vice Chair Wu for Vice Chair. The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

5. Subject: ACTION ITEM Receive OPEB & Pension Section 115 Trust Investment Policy
Recommended Action: Receive OPEB & Pension Section 115 Trust Investment Policy and forward to City Council
Presenter: PARS and US Bank 4:20(40)

Jonathan Orozco, Acting Director of Administrative Services introduced US Bank Portfolio Manager Dennis Mullins, who gave a presentation.

Committee members asked questions which staff and the presenter responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Moore moved and Schmidt seconded to present one policy option to the City Council that:

- Uses soft ESG (Environmental, Social, and Governance) language acknowledging consideration of ESG factors while emphasizing fiduciary duty to the pension and OPEB investments.
- Clarifies fiduciary responsibility within the policy.
- Updates the investment ranges by keeping global infrastructure as an asset class but setting its allocation range to 0%, with the Council retaining the ability to adjust that range.
- Is brought forward for Council discussion rather than on the consent calendar.

The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

6. Subject: INFORMATIONAL ITEM Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Recommended Action: Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Presenter: Baker Tilly
5:00(15)

Baker Tilly Director Chelsea Ritchie gave a presentation.

Committee members asked questions which staff and the presenter responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

7. Subject: INFORMATIONAL ITEM Receive the proposed Audit Committee 2026 Schedule and Workplan
Recommended Action: Receive the proposed Audit Committee 2026 Schedule and Workplan
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer
5:15(5)

The Committee made the following recommendations:

- Add the Treasurer's report to the consent calendar
- Possibly adding an internal audit consisting of a spot check on budget units by interested audit committee members, members of the public, or a subcommittee, potentially contracting with Baker Tilly.

STAFF AND COMMITTEE REPORTS – None.

COMMITTEEMEMBER ATTENDANCE AT UPCOMING MEETINGS AND EVENTS – None.

FUTURE AGENDA SETTING – None.

ADJOURNMENT

At 5:56 p.m. Chair Schmidt adjourned the regular Audit Committee Meeting.

Minutes prepared by:

Lindsay Nelson, Administrative Assistant



CITY OF CUPERTINO

Agenda Item

26-15070

Agenda Date: 4/27/2026
Agenda #: 2.

Subject: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026 and forward to City Council

Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026 and forward to City Council

Presenter: PARS and US Bank



CITY OF CUPERTINO

PARS 115 Trust – OPEB Prefunding Program &
Pension Rate Stabilization Program Plan Client Review
April 27, 2026

PARS TRUST TEAM

As of December 31, 2025

Trust Administrator & Consultant*



- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

40+ Years of Experience (1984-2026)	2,300+ Plans under Administration	1,100+ Public Agency Clients	550+ 115 Trust Clients	750K+ Plan Participants	\$11.2 B+ Assets under Administration
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* See important information regarding PARS in the Disclaimer page at the end of the presentation.

Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

163 Years of Experience (1863-2026)	\$11.0T Assets under Administration
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Investment Manager

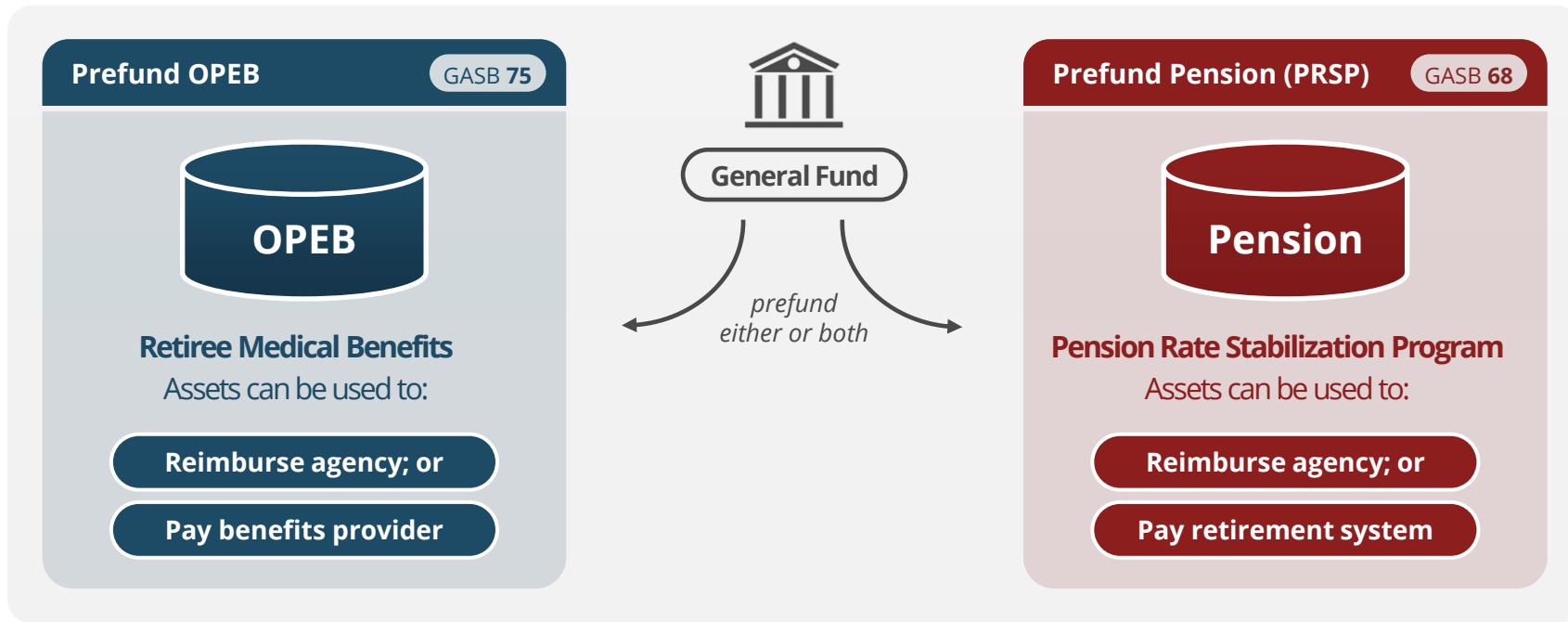


- A division of U.S. Bancorp Asset Management, Inc.
- Fixed income and multi asset portfolios
- Strategic Blend and Index platform options
- Customized portfolios (with minimum asset level)

41 Years of Investment Experience (As of 12/31/2025)	\$254.9B* Assets under Management & Advisement
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*Please see disclosures at the end of this presentation

PARS IRS-APPROVED SECTION 115 COMBO TRUST



Subaccounts
 OPEB and Pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center

Financial Stability
 Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.

Flexible Investing
 Allows separate investment strategies for OPEB and Pension subaccounts.

Anytime Access
 Trust funds are available anytime; OPEB for OPEB and Pension for Pension.

Economies-of-Scale
 OPEB and Pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!

No Set Up Cost or Minimums
 No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.



City of Cupertino

OPEB & PENSION ACCOUNTS

MARCH 31, 2026 INVESTMENT REVIEW



Your Team

Dennis S. Mullins, CFA
Senior Institutional Client Portfolio Manager
PFM Asset Management
513.304.0398
Dennis.Mullins@usbank.com

Ryan Maxey
Vice President &
Relationship Manager
U.S. Bank Institutional Trust & Custody
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 - PARS/CITY OF CUPERTINO 115P – PENSION (X9601)
 - Portfolio Overview
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 - Performance
 - Holdings

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01



Portfolio Review - OPEB

Provided U.S. Bank

Account: XXXXXX9600

Holdings Method: Direct

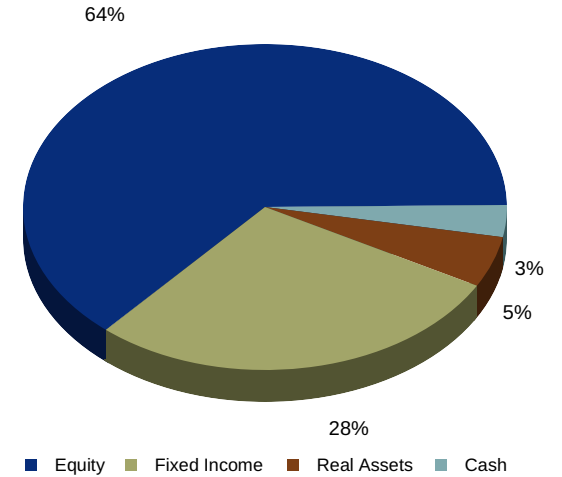
Report Date: 03/31/2026

Portfolio Summary

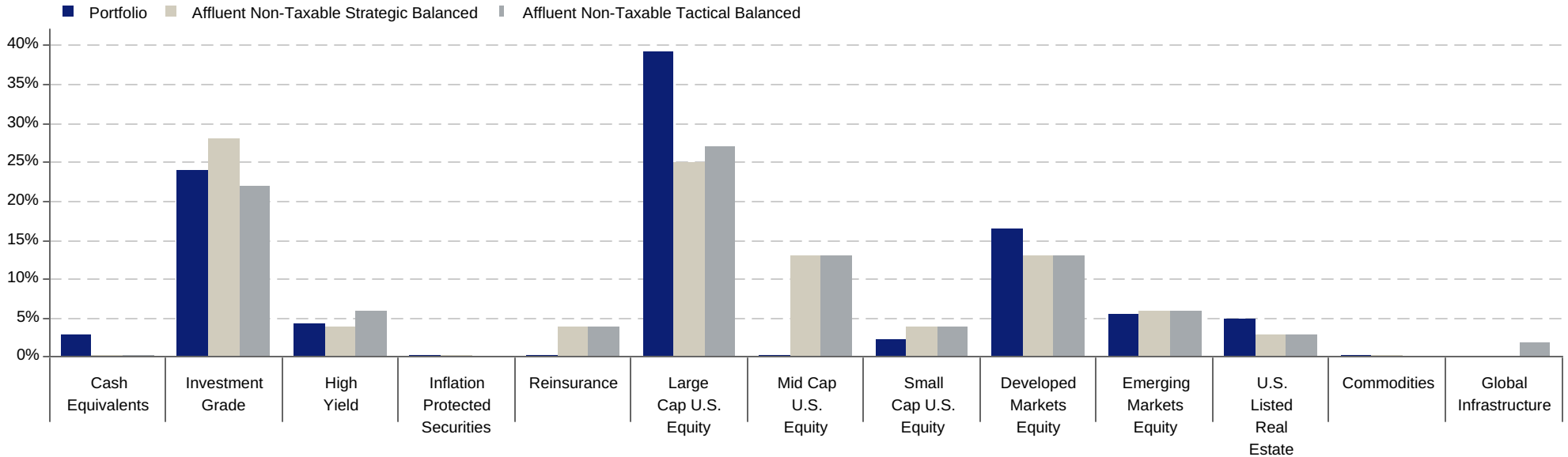
Inv. Objective	Balanced/Nontaxable-1
Total Portfolio Value	\$45,470,648
Net Realized Cap Gains YTD	\$144,666
Annual Income Projected	\$1,391,420
Current Yield	3.06%
Number of Securities	8
Portfolio Mgr.	Dennis S. Mullins, CFA

Portfolio Asset Allocation

Equity	\$28,952,792	63.67%
Fixed Income	\$12,886,178	28.34%
Real Assets	\$2,268,338	4.99%
Cash	\$1,363,339	3.00%
Invested Total	\$45,470,648	100.00%



Portfolio Model Allocation

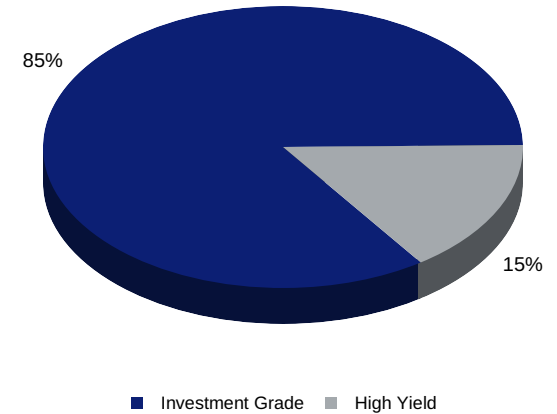


Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Total Fixed Income Value	\$12,886,178
Current Yield	4.18%
Annual Income Projected	\$539,049
Number of Securities	2
Portfolio Mgr.	Dennis S. Mullins, CFA

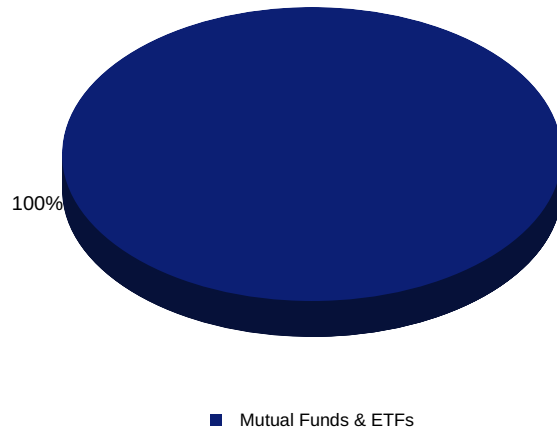
Fixed Income Asset Allocation

Investment Grade	\$10,908,257	84.65%
High Yield	\$1,977,921	15.35%

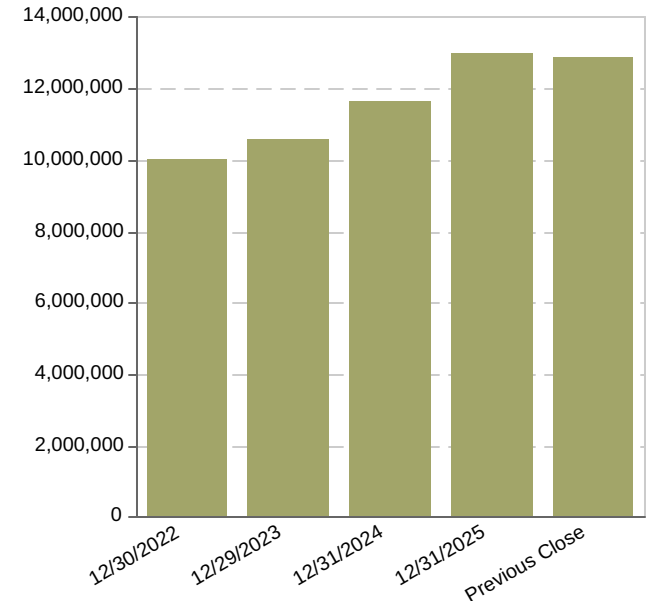


Fixed Income Sector Exposures

Mutual Funds & ETFs	\$12,886,178	100.00%
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Fixed Income Market Value

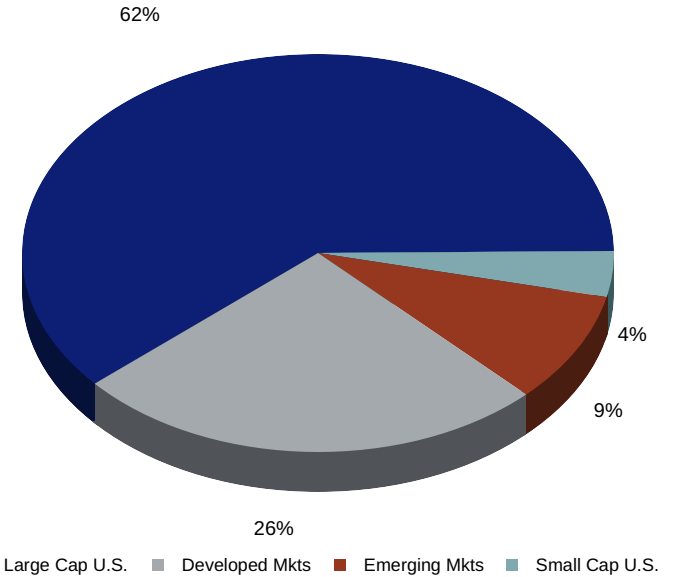


Equity Summary

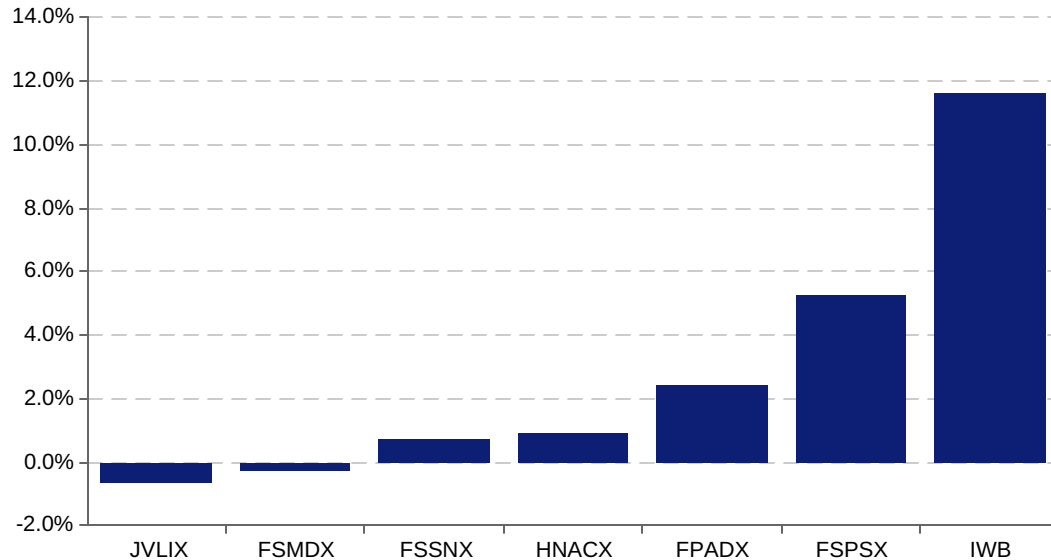
Inv. Objective	Balanced/Nontaxable-1
Total Equity Value	\$28,952,792
Current Yield	2.55%
Annual Income Projected	\$737,426
Number of Securities	4
Portfolio Mgr.	Dennis S. Mullins, CFA

Equity Asset Allocation

Large Cap U.S.	\$17,816,234	61.54%
Developed Mkts	\$7,486,136	25.86%
Emerging Mkts	\$2,580,475	8.91%
Small Cap U.S.	\$1,069,947	3.70%



Bottom 5/ Top 5 Contributors (Trailing 12 Months)



Equity Global Distribution



Equity Country Distribution

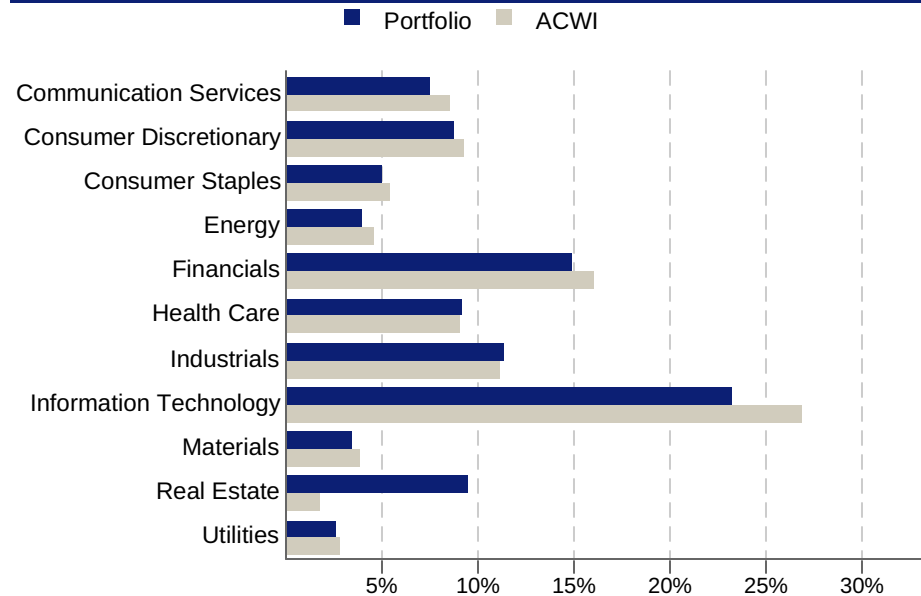
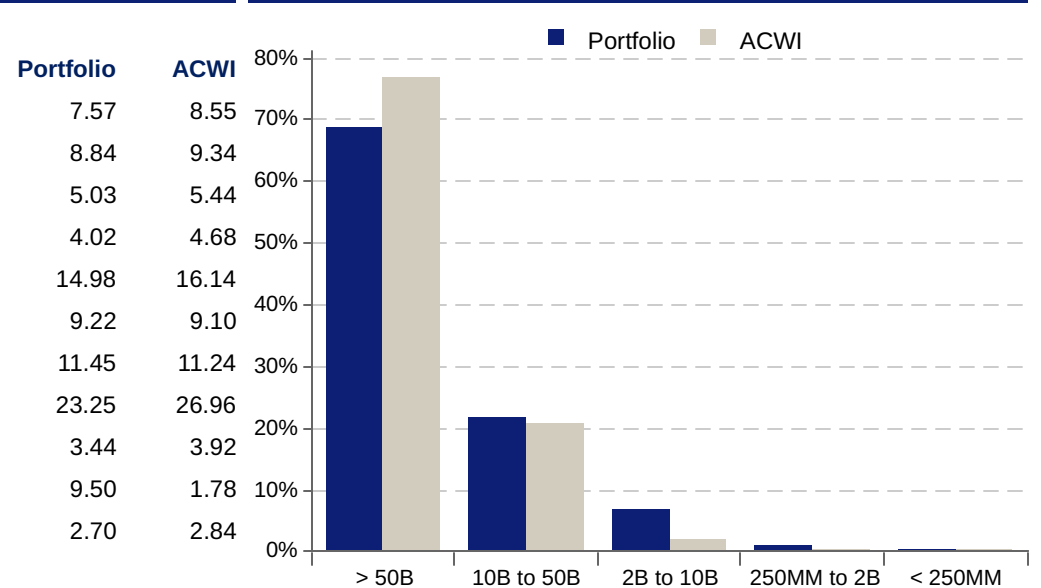


Top 10 Common Stock Holdings

	Stock Wt. (%)	Full Port Wt. (%)	Yield (%)	YTD Return* (%)	52 Wk Return* (%)
NVIDIA Corporation	4.04	2.68	0.02	-6.5	61.0
Apple Inc.	3.62	2.40	0.41	-6.6	14.7
Microsoft Corporation	2.72	1.80	0.97	-23.3	-0.6
Amazon.com, Inc.	1.98	1.31	0.00	-9.8	9.5
Alphabet Inc. Class A	1.65	1.10	0.28	-8.1	86.6
Broadcom Inc.	1.41	0.94	0.83	-10.4	86.3
Alphabet Inc. Class C	1.34	0.89	0.29	-8.5	84.2
Meta Platforms Inc Class A	1.24	0.82	0.37	-13.3	-0.4
Taiwan Semiconductor Manufa...	1.09	0.72	1.22	13.9	96.3
Tesla, Inc.	1.04	0.69	0.00	-17.3	43.4

Common Stock Characteristics

	Portfolio	ACWI
Market Cap - Wtd Avg	\$706.0B	\$821.6B
Market Cap - Median	\$6.7B	\$19.3B
Dividend Yield	1.86	1.67
P/E NTM	17.1	16.6
P/E LTM	21.4	21.4
ROE (%)	19.4	21.4
1 Yr Beta vs. S&P Composite	.84	.84
Est 3-5 Yr EPS Growth (%)	12.3	13.1
Hist 3 Yr EPS Growth (%)	21.2	23.7
Number of Securities	4865	2256

Common Stock Sector Exposures

Common Stock Market Cap Distribution


*Specific to the security - does not represent performance in the portfolio.

Custom Benchmark

CITY OF CUPERTINO OPEB

Asset Class	Benchmark	Range	Target	Actual
Equities	MSCI ACWI Index (net)	50%-70%	63%	63.7%
Fixed Income	BBARC US Aggregate Bond Index	20%-40%	29%	28.3%
Real Estate	S&P Global REIT TR USD	0%-15%	5%	5.0%
Commodities	S&P GSCI Commodity Index	0%-10%	2%	0%
Cash	FTSE 3-Mo US T-Bill Index	0%-10%	1%	3.0%

Selected Period Performance

	Market Value	Year to Date (3 Months)	3 Months	1 Year	3 Years	5 Years	142 Months	Inception to Date 07/01/2010
Total Portfolio Gross of Fees	45,521,631	-1.17	-1.17	15.53	12.64	6.03	6.69	7.20
Total Portfolio Net of Fees	45,521,631	-1.21	-1.21	15.35	12.45	5.85	6.48	
City of Cupertino		-1.19	-1.19	15.14	12.32	6.80	6.88	7.99
Total Equity	28,952,792	-2.14	-2.14	21.58	16.80	8.21	10.03	11.79
MSCI ACWI (Net)		-3.20	-3.20	20.01	16.58	9.49	9.29	10.62
Russell 3000 Index		-3.96	-3.96	18.09	17.85	10.87	12.33	14.18
S&P 500 Index (Total Return)		-4.33	-4.33	17.80	18.32	12.06	12.86	14.54
S&P MidCap 400 Index		2.50	2.50	17.35	12.09	6.92	9.58	12.11
S&P SmallCap 600 Index		3.51	3.51	20.50	10.51	4.49	9.01	11.80
MSCI EAFE Index (Net)		-1.24	-1.24	21.27	13.62	7.91	5.90	7.70
MSCI Emerging Markets Index (Net)		-.17	-.17	29.55	14.84	3.69	5.11	5.19
Total Fixed Income	12,933,084	-.09	-.09	4.66	4.48	1.30	1.26	2.02
BB US Aggregate Bond Index		-.05	-.05	4.35	3.63	.31	1.91	2.37
BB Global Aggregate Index		-1.07	-1.07	4.26	2.59	-1.46	.40	1.38
Total Real Assets	2,268,338	4.29	4.29	6.03	8.93	5.13		
S&P Global REIT Index (Gross)		1.05	1.05	8.23	7.85	3.93	4.93	7.81
S&P GSCI Index		40.02	40.02	43.00	18.17	19.56	.78	1.98
Total Cash Equivalents	1,367,417	.89	.89	4.04	4.73	3.34	1.82	1.38
FTSE 3 Month Treasury Bill Index		.93	.93	4.22	4.97	3.49	1.96	1.49
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY



Account: XXXXXX9600

Holdings Method: Direct

Report Date: 03/31/2026

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		100.0			45,470,648	39,921,857	5,548,791	3.06	1,391,420
Cash		3.00			1,363,339	1,363,339	0	3.58	48,762
Cash Equivalents		3.00			1,363,339	1,363,339	0	3.58	48,762
FIRST AM GOVT OB FD CL X	31846V336	3.00	1.00	1,363,339	1,363,339	1,363,339	0	3.58	48,762
Fixed Income		28.34			12,886,178	12,793,667	92,511	4.18	539,049
Investment Grade		23.99			10,908,257	10,684,603	223,654	3.65	397,990
Mutual Funds & ETFs		23.99			10,908,257	10,684,603	223,654	3.65	397,990
Fidelity U.S. Bond Index Fund	FXNAX	23.99	10.47	1,041,858	10,908,257	10,684,603	223,654	3.65	397,990
High Yield		4.35			1,977,921	2,109,065	-131,143	7.13	141,059
Mutual Funds & ETFs		4.35			1,977,921	2,109,065	-131,143	7.13	141,059
Artisan High Income Fund - Institutional Sh...	APHFX	4.35	8.96	220,750	1,977,921	2,109,065	-131,143	7.13	141,059
Equity		63.67			28,952,792	23,575,927	5,376,865	2.55	737,426
Large Cap U.S. Equity		39.18			17,816,234	15,058,800	2,757,434	1.06	188,126
Mutual Funds & ETFs		39.18			17,816,234	15,058,800	2,757,434	1.06	188,126
iShares Russell 1000 ETF	IWB	39.18	356.56	49,967	17,816,234	15,058,800	2,757,434	1.06	188,126
Small Cap U.S. Equity		2.35			1,069,947	836,017	233,930	2.15	22,969
Mutual Funds & ETFs		2.35			1,069,947	836,017	233,930	2.15	22,969
Fidelity Small Cap Index Fund	FSSNX	2.35	31.21	34,282	1,069,947	836,017	233,930	2.15	22,969
Developed Markets Equity		16.46			7,486,136	5,879,818	1,606,318	6.25	467,609
Mutual Funds & ETFs		16.46			7,486,136	5,879,818	1,606,318	6.25	467,609
Fidelity International Index Fund	FSPSX	16.46	61.38	121,964	7,486,136	5,879,818	1,606,318	6.25	467,609
Emerging Markets Equity		5.68			2,580,475	1,801,292	779,183	2.28	58,722
Mutual Funds & ETFs		5.68			2,580,475	1,801,292	779,183	2.28	58,722
Fidelity Emerging Markets Index Fund	FPADX	5.68	14.15	182,366	2,580,475	1,801,292	779,183	2.28	58,722
Real Assets		4.99			2,268,338	2,188,924	79,414	2.92	66,184
U.S. Listed Real Estate		4.99			2,268,338	2,188,924	79,414	2.92	66,184
iShares Core U.S. REIT ETF	USRT	4.99	59.19	38,323	2,268,338	2,188,924	79,414	2.92	66,184

02



Portfolio Review - Pension

Provided U.S. Bank

Account: XXXXXX9601

Holdings Method: Direct

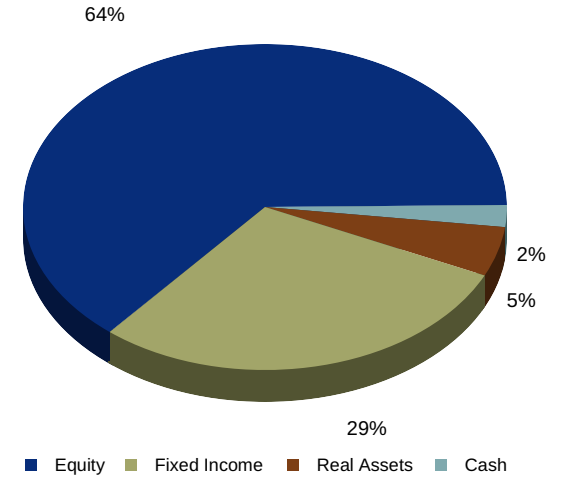
Report Date: 03/31/2026

Portfolio Summary

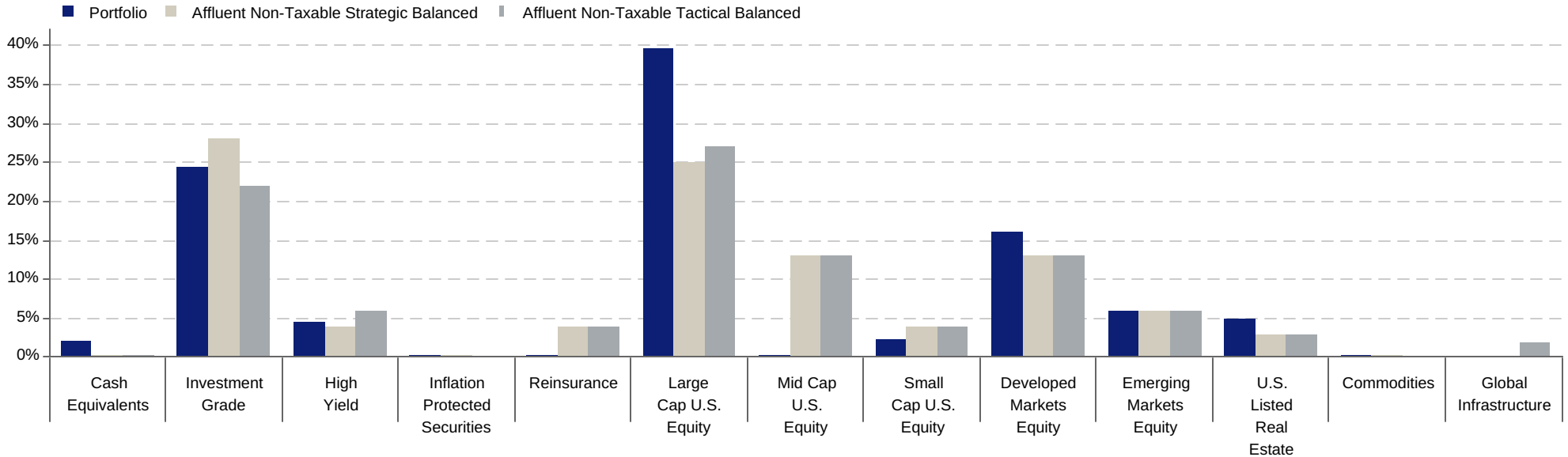
Inv. Objective	Balanced/Nontaxable-1
Total Portfolio Value	\$25,863,873
Net Realized Cap Gains YTD	\$77,076
Annual Income Projected	\$786,006
Current Yield	3.04%
Number of Securities	8
Portfolio Mgr.	Dennis S. Mullins, CFA

Portfolio Asset Allocation

Equity	\$16,573,225	64.08%
Fixed Income	\$7,476,949	28.91%
Real Assets	\$1,272,644	4.92%
Cash	\$541,055	2.09%
Invested Total	\$25,863,873	100.00%



Portfolio Model Allocation

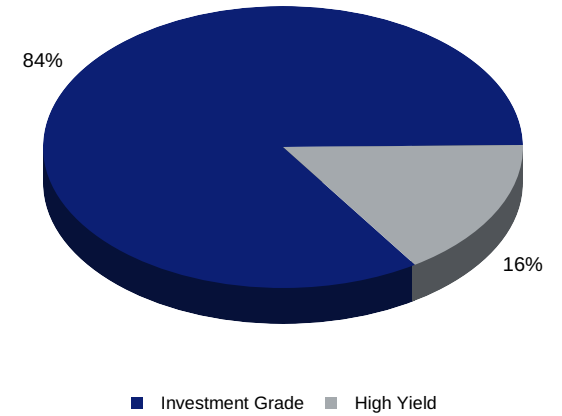


Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Total Fixed Income Value	\$7,476,949
Current Yield	4.20%
Annual Income Projected	\$313,859
Number of Securities	2
Portfolio Mgr.	Dennis S. Mullins, CFA

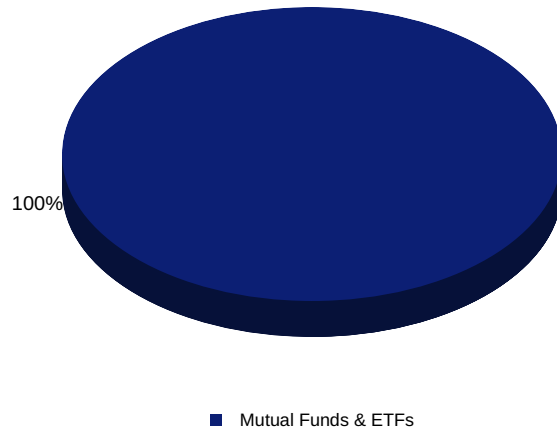
Fixed Income Asset Allocation

Investment Grade	\$6,298,110	84.23%
High Yield	\$1,178,839	15.77%

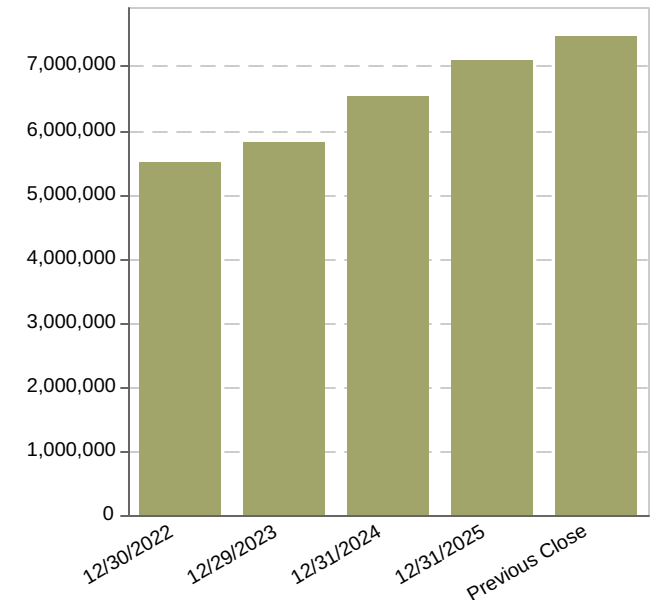


Fixed Income Sector Exposures

Mutual Funds & ETFs	\$7,476,949	100.00%
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Fixed Income Market Value



Account: XXXXXX9601

Holdings Method: Direct and Indirect (securities held in mutual funds & ETFs)

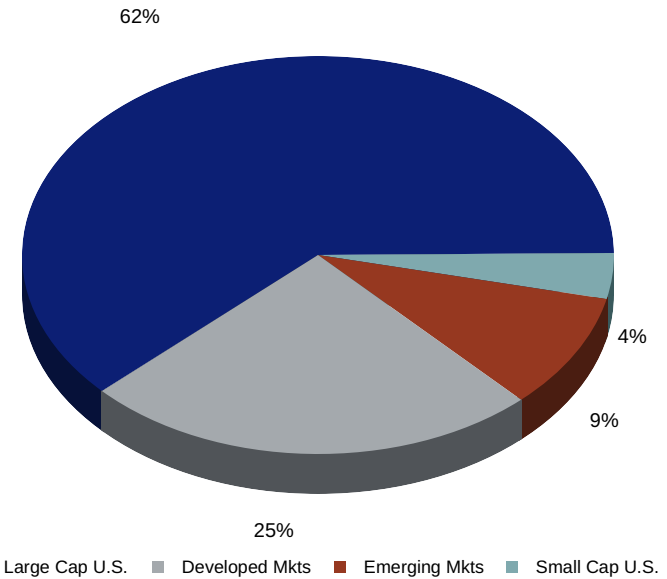
Report Date: 03/31/2026

Equity Summary

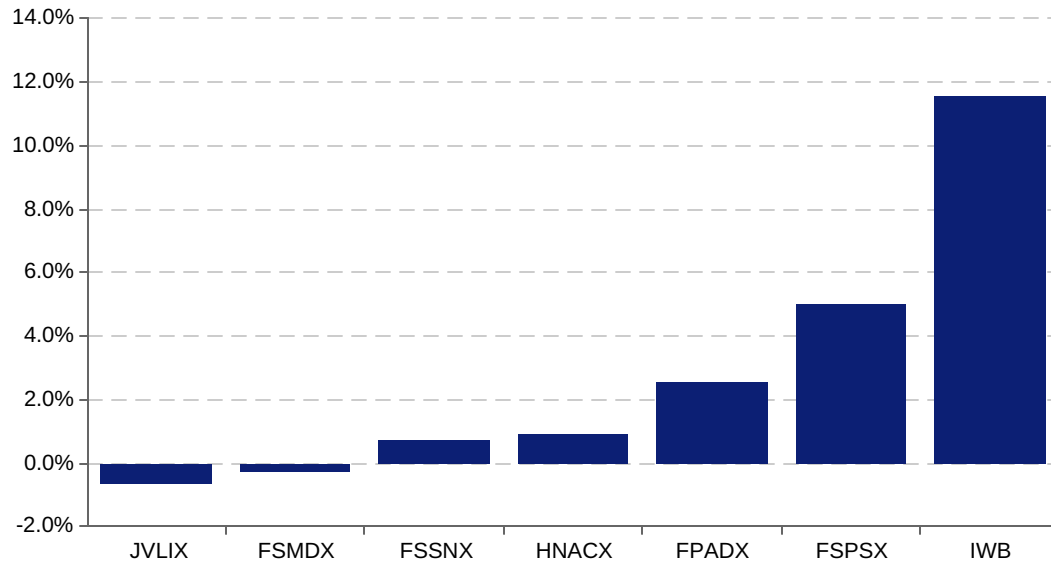
Inv. Objective	Balanced/Nontaxable-1
Total Equity Value	\$16,573,225
Current Yield	2.51%
Annual Income Projected	\$415,664
Number of Securities	4
Portfolio Mgr.	Dennis S. Mullins, CFA

Equity Asset Allocation

Large Cap U.S.	\$10,274,633	62.00%
Developed Mkts	\$4,145,952	25.02%
Emerging Mkts	\$1,543,852	9.32%
Small Cap U.S.	\$608,788	3.67%



Bottom 5/ Top 5 Contributors (Trailing 12 Months)



Equity Global Distribution



Equity Country Distribution

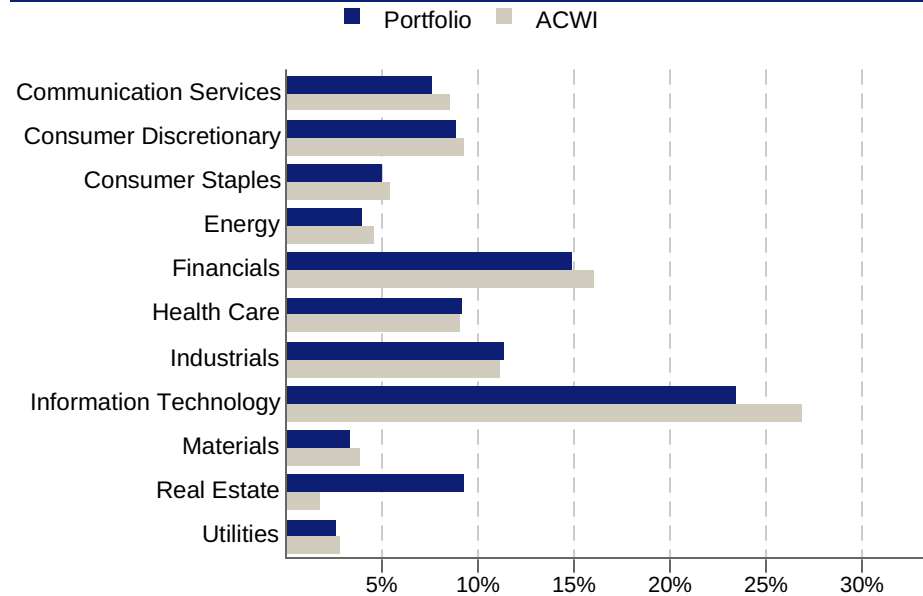
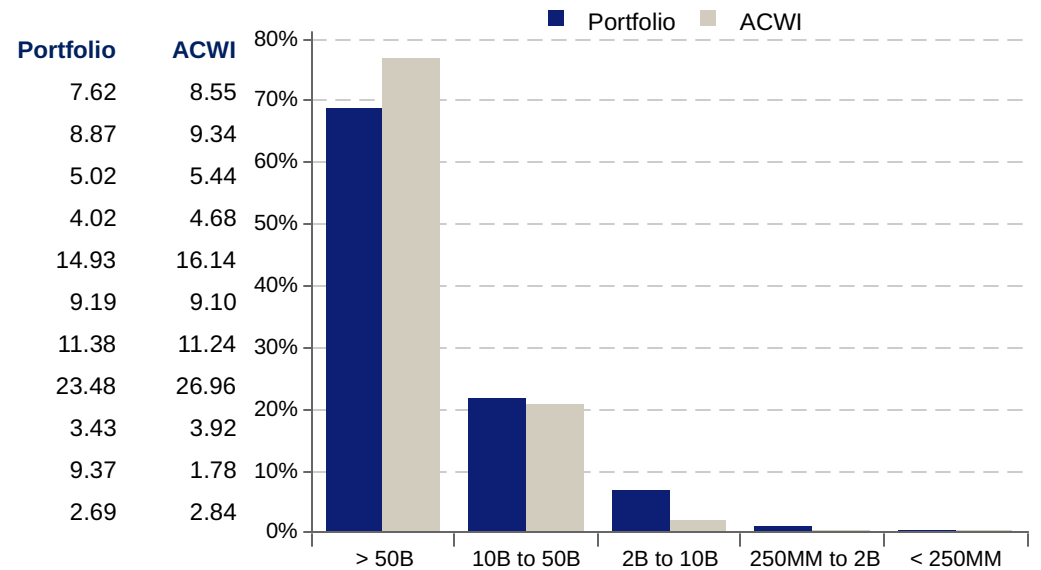


Top 10 Common Stock Holdings

	Stock Wt. (%)	Full Port Wt. (%)	Yield (%)	YTD Return* (%)	52 Wk Return* (%)
NVIDIA Corporation	4.08	2.72	0.02	-6.5	61.0
Apple Inc.	3.65	2.43	0.41	-6.6	14.7
Microsoft Corporation	2.74	1.83	0.97	-23.3	-0.6
Amazon.com, Inc.	2.00	1.33	0.00	-9.8	9.5
Alphabet Inc. Class A	1.67	1.11	0.28	-8.1	86.6
Broadcom Inc.	1.43	0.95	0.83	-10.4	86.3
Alphabet Inc. Class C	1.36	0.90	0.29	-8.5	84.2
Meta Platforms Inc Class A	1.25	0.83	0.37	-13.3	-0.4
Taiwan Semiconductor Manufa...	1.14	0.76	1.22	13.9	96.3
Tesla, Inc.	1.05	0.70	0.00	-17.3	43.4

Common Stock Characteristics

	Portfolio	ACWI
Market Cap - Wtd Avg	\$712.1B	\$821.6B
Market Cap - Median	\$6.7B	\$19.3B
Dividend Yield	1.84	1.67
P/E NTM	17.1	16.6
P/E LTM	21.4	21.4
ROE (%)	19.5	21.4
1 Yr Beta vs. S&P Composite	.84	.84
Est 3-5 Yr EPS Growth (%)	12.4	13.1
Hist 3 Yr EPS Growth (%)	21.3	23.7
Number of Securities	4865	2256

Common Stock Sector Exposures

Common Stock Market Cap Distribution


*Specific to the security - does not represent performance in the portfolio.

Custom Benchmark

CITY OF CUPERTINO PENSION

Asset Class	Benchmark	Range	Target	Actual
Equities	MSCI ACWI Index (net)	50%-70%	63%	64.1%
Fixed Income	BBARC US Aggregate Bond Index	20%-40%	29%	28.9%
Real Estate	S&P Global REIT TR USD	0%-15%	5%	4.9%
Commodities	S&P GSCI Commodity Index	0%-10%	2%	0%
Cash	FTSE 3-Mo US T-Bill Index	0%-10%	1%	2.1%

Selected Period Performance

	Market Value	Year to Date (3 Months)	3 Months	1 Year	3 Years	5 Years	Inception to Date 05/01/2019
Total Portfolio Gross of Fees	25,892,787	-1.20	-1.20	15.45	12.56	5.95	8.14
Total Portfolio Net of Fees	25,892,787	-1.24	-1.24	15.27	12.37	5.77	7.95
City of Cupertino		-1.19	-1.19	15.14	12.32	6.80	8.21
Total Equity	16,573,225	-2.15	-2.15	21.50	16.75	8.19	11.37
MSCI ACWI (Net)		-3.20	-3.20	20.01	16.58	9.49	11.23
Russell 3000 Index		-3.96	-3.96	18.09	17.85	10.87	13.35
S&P 500 Index (Total Return)		-4.33	-4.33	17.80	18.32	12.06	13.97
S&P MidCap 400 Index		2.50	2.50	17.35	12.09	6.92	9.80
S&P SmallCap 600 Index		3.51	3.51	20.50	10.51	4.49	8.30
MSCI EAFE Index (Net)		-1.24	-1.24	21.27	13.62	7.91	8.53
MSCI Emerging Markets Index (Net)		-.17	-.17	29.55	14.84	3.69	6.35
Total Fixed Income	7,504,257	-.09	-.09	4.66	4.48	1.29	1.04
BB US Aggregate Bond Index		-.05	-.05	4.35	3.63	.31	1.57
BB Global Aggregate Index		-1.07	-1.07	4.26	2.59	-1.46	.23
Total Real Assets	1,272,644	4.29	4.29	6.04	8.92	5.17	5.17
S&P Global REIT Index (Gross)		1.05	1.05	8.23	7.85	3.93	3.81
S&P GSCI Index		40.02	40.02	43.00	18.17	19.56	11.36
Total Cash Equivalents	542,660	.89	.89	4.04	4.73	3.31	2.62
FTSE 3 Month Treasury Bill Index		.93	.93	4.22	4.97	3.49	2.82
Pending Cash	0	.00	.00	.00	.00	.00	.00

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY



PARS/CITY OF CUPERTINO 115P- PENSION

Portfolio Holdings

Account: XXXXXX9601

Holdings Method: Direct

Report Date: 03/31/2026


	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		100.0			25,863,873	22,733,685	3,130,188	3.04	786,006
Cash		2.09			541,055	541,055	0	3.58	19,352
Cash Equivalents		2.09			541,055	541,055	0	3.58	19,352
FIRST AM GOVT OB FD CL X	31846V336	2.09	1.00	541,055	541,055	541,055	0	3.58	19,352
Fixed Income		28.91			7,476,949	7,588,127	-111,178	4.20	313,859
Investment Grade		24.35			6,298,110	6,337,506	-39,396	3.65	229,788
Mutual Funds & ETFs		24.35			6,298,110	6,337,506	-39,396	3.65	229,788
Fidelity U.S. Bond Index Fund	FXNAX	24.35	10.47	601,539	6,298,110	6,337,506	-39,396	3.65	229,788
High Yield		4.56			1,178,839	1,250,622	-71,783	7.13	84,071
Mutual Funds & ETFs		4.56			1,178,839	1,250,622	-71,783	7.13	84,071
Artisan High Income Fund - Institutional Sh...	APHFX	4.56	8.96	131,567	1,178,839	1,250,622	-71,783	7.13	84,071
Equity		64.08			16,573,225	13,376,008	3,197,217	2.51	415,664
Large Cap U.S. Equity		39.73			10,274,633	8,684,419	1,590,214	1.06	108,492
Mutual Funds & ETFs		39.73			10,274,633	8,684,419	1,590,214	1.06	108,492
iShares Russell 1000 ETF	IWB	39.73	356.56	28,816	10,274,633	8,684,419	1,590,214	1.06	108,492
Small Cap U.S. Equity		2.35			608,788	453,131	155,657	2.15	13,069
Mutual Funds & ETFs		2.35			608,788	453,131	155,657	2.15	13,069
Fidelity Small Cap Index Fund	FSSNX	2.35	31.21	19,506	608,788	453,131	155,657	2.15	13,069
Developed Markets Equity		16.03			4,145,952	3,178,510	967,442	6.25	258,970
Mutual Funds & ETFs		16.03			4,145,952	3,178,510	967,442	6.25	258,970
Fidelity International Index Fund	FSPSX	16.03	61.38	67,546	4,145,952	3,178,510	967,442	6.25	258,970
Emerging Markets Equity		5.97			1,543,852	1,059,948	483,904	2.28	35,132
Mutual Funds & ETFs		5.97			1,543,852	1,059,948	483,904	2.28	35,132
Fidelity Emerging Markets Index Fund	FPADX	5.97	14.15	109,106	1,543,852	1,059,948	483,904	2.28	35,132
Real Assets		4.92			1,272,644	1,228,495	44,149	2.92	37,132
U.S. Listed Real Estate		4.92			1,272,644	1,228,495	44,149	2.92	37,132
iShares Core U.S. REIT ETF	USRT	4.92	59.19	21,501	1,272,644	1,228,495	44,149	2.92	37,132

03



Investment Policies

Provided U.S. Bank

 <p style="text-align: center;">Other Post-Employment Benefits (OPEB) Investment Policy</p>	Citywide Policy Manual
	Attachments: N/A
Effective Date: December 3, 2024	Responsible Department: Administrative Services
Related Policies & Notes: City Investment Policy, Pension Investment Policy	

Overview

In response to the Government Accounting Standards Board (GASB) Statement No. 45, replaced by GASB Statement No. 74 and GASB Statement No. 75, new disclosure requirements for Other Post-employment Benefit (OPEB) Plans, the City of Cupertino has adopted a Section 115 Trust and Plan that seeks to satisfy these liabilities for certain eligible employees

Executive Summary

Account Name: City of Cupertino OPEB Trust
Account Number: 6746035000
Investment Authority: Full Investment Authority
Current Assets: \$40.7 million (September 2024)
Time Horizon: Long-Term
Target Rate of Return: 6.5%
Communication Schedule: Meetings will be conducted at least quarterly

U.S. Bank Portfolio Manager: Dennis Mullins
Dennis.mullins@usbank.com
513-304-0398

U.S. Bank Relationship Manager: Ryan Maxey
ryan.maxey@usbank.com
503-464-3789

Investment Objective: ‘Balanced’

This investment objective is designed to provide a moderate amount of current income with moderate growth of capital. Investors should have sufficient tolerance for price and return volatility and substantial periodic declines in investment value. This objective is recommended for investors with a long-term time horizon.

The strategic asset allocation ranges and tactical targets for this objective are listed below:

Asset Class	Range	Benchmark Target
Fixed Income	20-40%	29%
Equities	50-70%	63%
Real Estate	0-15%	5%
Commodities	0-10%	2%
Cash	0-10%	1%

Investment Guidelines

Overview

This document defines the investment policy, guidelines and performance objectives applicable to the assets of The City of Cupertino’s OPEB Trust. The goal of this Policy is to create an investment framework within which the assets can be actively yet prudently managed.

The purpose of this document is threefold.

- First, it will set forth an investment structure for managing the Portfolio assets. This structure is expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
- Second, it will serve as to encourage effective communications between the organization and parties involved with investment management decisions.
- Third, these guidelines will provide a framework to measure ongoing investment performance.

Within the constraints imposed by these policies, Investment Managers are expected to comply with all applicable fiduciary and due diligence requirements under the “prudent investor” rules, which state: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” All applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Portfolio are to be adhered to.

Diversification

Your Portfolio Manager is responsible for maintaining the balance between the various asset classes based on the investment objective's strategic asset allocation. As a general policy, the Investment Manager will maintain reasonable diversification at all times by asset class, credit quality, issuer, sector, industry, and country.

The following parameters shall be adhered to in managing the portfolio:

Fixed Income Assets

- The fixed income investments are to maintain intermediate-term average weighted duration, between three-seven years.
- At the time of purchase, no single fixed income issuer shall exceed 2% of the total market value of the Portfolio, with the exception of U.S. Treasury or Agency obligations.
- The direct high-yield portion shall constitute no more than 10% of the total market value of the Portfolio.
- Hedged fixed income positions shall constitute no more than 10% of the total market value of the Portfolio.

Equity & Growth Assets

- The domestic equity investments are expected to be diversified at all times by size, industry, sector, and style (Large Cap, Mid Cap, and Small Cap).
- At the time of purchase, no individual equity security shall exceed 2% of the total market value of the Portfolio.
- The real estate investments shall be captured through the use of diversified mutual funds or ETFs investing in REITs; and shall constitute no more than 15% of the total market value of the Portfolio.
- The commodities investments shall be captured through the use of diversified mutual funds or ETFs; and shall constitute no more than 10% of the total market value of the Portfolio.
- Hedged equity positions shall constitute no more than 10% of the total market value of the Portfolio

Permitted Asset Classes and Security Types

Fixed Income & Cash Equivalent Investments:

- Domestic Certificates of Deposit (rated A-1/P-1 or better)
- Domestic Commercial Paper (rated A-1/P-1 or better)
- Floating Rate Notes
- Money Market Mutual Funds
- U.S. Treasury Bonds, Bills and Notes
- U.S. Agency (and Instrumentality) Discount Notes, Notes, and Bonds
- Treasury Inflation-Protected Securities (TIPS)
- Municipal Bonds and Notes
- Corporate Bonds
- Mortgage-Backed Bonds (MBS)

- Asset-Backed Bonds (ABS)
- High-Yield Bonds (rated B-/B3 or better)
- Dollar denominated Foreign Bonds and Notes
- Bond Mutual Funds

Equity Investments:

- Common & Preferred Stocks
- American Depository Receipts (ADRs)
- Domestic and International Equity Mutual Funds (Open and Closed)
- Emerging Market Equity Funds or Exchange Traded Funds (ETFs)

Alternative Investments:

- Commodities Mutual Funds or Exchange Traded Notes (ETNs)
- REIT Investment or Pooled Strategy or Fund of REITs
- Registered Hedge Funds or Hedge Fund of Funds

Prohibited Asset Classes and Transactions

The Investment Manager is prohibited from purchasing or holding any of the following types of investments:

- Partnerships unless investing in Master Limited Partnerships invested in a mutual fund and limited in scope and allocation of Portfolio based on asset class limitations of table above
- Letter stock and other unregistered securities; physical commodities or other commodity contracts; and short sales or margin transactions
- Investments in the equity securities of any company with a record of less than three years continuous operation, including the operation of any predecessor
- Investments for the purpose of exercising control of management
- Direct or indirect exposure to cryptocurrencies
- Leveraged securities, other than registered Hedged Equity and Hedged Fixed Income positions

Duties and Responsibilities

- 1) CITY OF CUPERTINO AUDIT COMMITTEE
 - a) Establish, approve, and maintain investment objectives, guidelines, and policies (including this Policy).
 - b) Appoint Investment Managers who can be reasonably expected to adhere to the investment guidelines and meet the investment objectives as established.
 - c) Monitor the investment performance of the Portfolio and compare actual investment performance relative to an appropriate benchmark index given the stated investment guidelines and objectives set forth in this Policy.
 - d) Conduct a formal review of the Portfolio’s asset allocation, investment structure and performance annually or more frequently as the need arises.
 - e) Periodically review the Portfolio performance against objectives.

2) CITY OF CUPERTINO CITY COUNCIL

- a) Adopt the Policy by resolution of the City Council on an annual basis.

3) PORTFOLIO MANAGER

The Portfolio Manager will be responsible for carrying out the activities related to the Portfolio in accordance with the Policy including:

- a) Manage the day-to-day investment of Portfolio assets in accordance with the Policy guidelines and objectives included herein.
- b) Exercise full investment discretion and prudence in the selection and diversification of investments.
- c) Promptly bring to the attention of the City Treasurer or designee any investment that is subsequently downgraded and fails to meet the quality guidelines, along with a recommendation of retention or disposal.
- d) Provide on a quarterly basis the following investment reporting:
 - (i) Year-to-date rate of return
 - (ii) Annualized one, three, five, etc. rates of return
- e) Provide annually to the City’s Audit Committee a commentary and analysis of investment performance to include an evaluation of the current and future investment environment and potential impact of the investment environment on achievement of investment objectives.

Investment Policy Statement Review

The City’s Audit Committee will review and the Cupertino City Council will adopt this Investment Policy Statement at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the Policy.


If at any time the Portfolio Manager finds the above guidelines too restrictive or possibly injurious to investment returns, they should communicate that information immediately to the City’s Audit Committee.

City Manager’s signature: _____ Date: _____
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Director of Administrative Services' signature: _____

Date: _____

Revisions: 6.5.2018, 11.19.2019, 11.17.2020, 12.7.2021, 12.06.2022, 12.05.2023, 12.03.2024

 <p style="text-align: center;">Pension Trust Investment Policy</p>	Citywide Policy Manual
	Attachments: N/A
Effective Date: December 3, 2024	Responsible Department: Administrative Services
Related Policies & Notes: N/A	

Investment Policy Statement

Overview

The City has established a Section 115 Trust with PARS to assist in stabilizing the potential impact of pension cost volatility on the City’s operating budget. The City intends to use the Section 115 Trust to pre-fund pension costs and proactively address the unfunded liability. The City’s goal is to have sufficient assets in the trust to increase the funded status to over 80% within 20 years, as well as fund the difference between a 7.0% and 6.25% discount rate.

Executive Summary

Account Name: City of Cupertino Pension Trust
Account Number: 6746050100
Investment Authority: Full Investment Authority
Current Assets: \$23.0 Million (September 2024)
Time Horizon: Long-Term
Target Rate of Return: 6.25%
Communication Schedule: Meetings will be conducted at least quarterly

U.S. Bank Portfolio Manager: Dennis Mullins
Dennis.mullins@usbank.com
513-304-0398

U.S. Bank Relationship Manager: Ryan Maxey
ryan.maxey@usbank.com
503-464-3789

Investment Objective: ‘Balanced’

This investment objective is designed to provide a moderate amount of current income with moderate growth of capital. Investors should have sufficient tolerance for price and return volatility and substantial periodic declines in investment value. This objective is recommended for investors with a long-term time horizon.

The strategic asset allocation ranges and tactical targets for this objective are listed below:

Asset Class	Range	Benchmark Target
Fixed Income	20-40%	29%
Equities	50-70%	63%
Real Estate	0-15%	5%
Commodities	0-10%	2%
Cash	0-10%	1%

Investment Guidelines

Overview

This document defines the investment policy, guidelines and performance objectives applicable to the assets of The City of Cupertino’s Pension Trust. The goal of this Policy is to create an investment framework within which the assets can be actively yet prudently managed.

The purpose of this document is threefold.

- First, it will set forth an investment structure for managing the Portfolio assets. This structure is expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
- Second, it will serve as to encourage effective communications between the organization and parties involved with investment management decisions.
- Third, these guidelines will provide a framework to measure ongoing investment performance.

Within the constraints imposed by these policies, Investment Managers are expected to comply with all applicable fiduciary and due diligence requirements under the “prudent investor” rules, which state: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” All applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Portfolio are to be adhered to.

Diversification

Your Portfolio Manager is responsible for maintaining the balance between the various asset classes based on the investment objective's strategic asset allocation. As a general policy, the Investment Manager will maintain reasonable diversification at all times by asset class, credit quality, issuer, sector, industry, and country.

The following parameters shall be adhered to in managing the portfolio:

Fixed Income Assets

- The fixed income investments are to maintain intermediate-term average weighted duration, between three-seven years.
- At the time of purchase, no single fixed income issuer shall exceed 2% of the total market value of the Portfolio, with the exception of U.S. Treasury or Agency obligations.
- The direct high-yield portion shall constitute no more than 10% of the total market value of the Portfolio.
- Hedged fixed income positions shall constitute no more than 10% of the total market value of the Portfolio

Equity & Growth Assets

- The domestic equity investments are expected to be diversified at all times by size, industry, sector, and style (Large Cap, Mid Cap, and Small Cap).
- At the time of purchase, no individual equity security shall exceed 2% of the total market value of the Portfolio.
- The real estate investments shall be captured through the use of diversified mutual funds or ETFs investing in REITs; and shall constitute no more than 15% of the total market value of the Portfolio.
- The commodities investments shall be captured through the use of diversified mutual funds or ETFs; and shall constitute no more than 10% of the total market value of the Portfolio.
- Hedged equity positions shall constitute no more than 10% of the total market value of the Portfolio

Permitted Asset Classes and Security Types

Fixed Income & Cash Equivalent Investments:

- Domestic Certificates of Deposit (rated A-1/P-1 or better)
- Domestic Commercial Paper (rated A-1/P-1 or better)
- Floating Rate Notes
- Money Market Mutual Funds
- U.S. Treasury Bonds, Bills and Notes
- U.S. Agency (and Instrumentality) Discount Notes, Notes, and Bonds
- Treasury Inflation-Protected Securities (TIPS)
- Municipal Bonds and Notes
- Corporate Bonds
- Mortgage-Backed Bonds (MBS)

- Asset-Backed Bonds (ABS)
- High-Yield Bonds (rated B-/B3 or better)
- Dollar denominated Foreign Bonds and Notes
- Bond Mutual Funds

Equity Investments:

- Common & Preferred Stocks
- American Depository Receipts (ADRs)
- Domestic and International Equity Mutual Funds (Open and Closed)
- Emerging Market Equity Funds or Exchange Traded Funds (ETFs)

Alternative Investments:

- Commodities Mutual Funds or Exchange Traded Notes (ETNs)
- REIT Investment or Pooled Strategy or Fund of REITs
- Registered Hedge Funds or Hedge Fund of Funds

Prohibited Asset Classes and Transactions

The Investment Manager is prohibited from purchasing or holding any of the following types of investments:

- Partnerships unless investing in Master Limited Partnerships invested in a mutual fund and limited in scope and allocation of Portfolio based on asset class limitations of table above
- Letter stock and other unregistered securities; physical commodities or other commodity contracts; and short sales or margin transactions
- Investments in the equity securities of any company with a record of less than three years continuous operation, including the operation of any predecessor
- Investments for the purpose of exercising control of management
- Direct or indirect exposure to cryptocurrencies
- Leveraged securities, other than registered Hedged Equity and Hedged Fixed Income positions

Duties and Responsibilities

- 1) CITY OF CUPERTINO AUDIT COMMITTEE
 - a) Establish, approve, and maintain investment objectives, guidelines, and policies (including this Policy).
 - b) Appoint Investment Managers who can be reasonably expected to adhere to the investment guidelines and meet the investment objectives as established.
 - c) Monitor the investment performance of the Portfolio and compare actual investment performance relative to an appropriate benchmark index given the stated investment guidelines and objectives set forth in this Policy.
 - d) Conduct a formal review of the Portfolio’s asset allocation, investment structure and performance annually or more frequently as the need arises.
 - e) Periodically review the Portfolio performance against objectives.

2) CITY OF CUPERTINO CITY COUNCIL

- a) Adopt the Policy by resolution of the City Council on an annual basis.

3) PORTFOLIO MANAGER

The Portfolio Manager will be responsible for carrying out the activities related to the Portfolio in accordance with the Policy including:

- a) Manage the day-to-day investment of Portfolio assets in accordance with the Policy guidelines and objectives included herein.
- b) Exercise full investment discretion and prudence in the selection and diversification of investments.
- c) Promptly bring to the attention of the City Treasurer or designee any investment that is subsequently downgraded and fails to meet the quality guidelines, along with a recommendation of retention or disposal.
- d) Provide on a quarterly basis the following investment reporting:
 - (i) Year-to-date rate of return
 - (ii) Annualized one, three, five, etc. rates of return
- e) Provide annually to the City's Audit Committee a commentary and analysis of investment performance to include an evaluation of the current and future investment environment and potential impact of the investment environment on achievement of investment objectives.

Investment Policy Statement Review

The City's Audit Committee will review and the Cupertino City Council will adopt this Investment Policy Statement at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the Policy.

If at any time the Portfolio Manager finds the above guidelines too restrictive or possibly injurious to investment returns, they should communicate that information immediately to the City's Audit Committee.

City Manager's signature: _____ Date: _____
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Director of Administrative Services' signature: _____

Date: _____

Revisions: 11.19.2019, 11.17.2020, 12.7.2021, 12.06.2022, 12.05.2023, 12.03.2024

04



Market Review

Provided by Sub-Advisor - PFM Asset Management

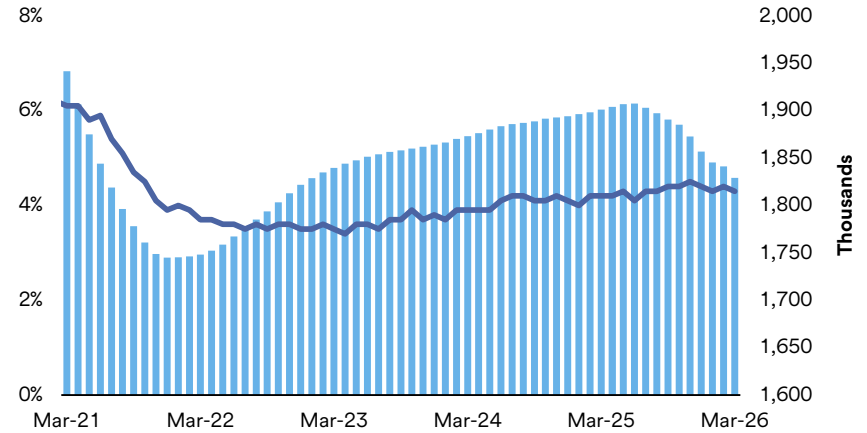
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500 (TR)	-4.33%	-4.33%	17.80%	18.30%	12.06%	14.43%	14.15%
Russell 3000	-3.96%	-3.96%	18.09%	17.84%	10.86%	13.80%	13.71%
Russell 1000 Growth	-9.78%	-9.78%	18.81%	21.16%	12.75%	16.95%	16.82%
Russell 1000	-4.18%	-4.18%	17.74%	18.12%	11.33%	14.15%	13.96%
Russell 1000 Value	2.10%	2.10%	15.87%	14.29%	9.42%	10.63%	10.57%
Russell Midcap	1.29%	1.29%	15.98%	13.32%	7.26%	10.51%	10.90%
Russell Midcap Growth	-6.35%	-6.35%	9.56%	12.73%	5.37%	10.27%	11.68%
Russell Midcap Value	3.68%	3.68%	17.62%	13.13%	7.94%	9.86%	9.75%
Russell 2000 Growth	-2.81%	-2.81%	23.58%	12.25%	1.62%	7.67%	9.78%
Russell 2000	0.89%	0.89%	25.72%	13.03%	3.77%	8.60%	9.88%
Russell 2000 Value	4.96%	4.96%	28.09%	13.78%	5.79%	9.07%	9.60%
INTERNATIONAL EQUITY							
MSCI EAFE	-1.24%	-1.24%	21.27%	13.60%	7.91%	8.85%	8.37%
MSCI AC World	-3.20%	-3.20%	20.01%	16.56%	9.48%	11.61%	11.33%
MSCI AC World ex USA	-0.71%	-0.71%	24.91%	14.48%	7.01%	8.50%	8.37%
MSCI AC World ex USA Small Cap	-0.48%	-0.48%	27.82%	13.66%	5.66%	8.43%	8.00%
MSCI EM (Emerging Markets)	-0.17%	-0.17%	29.55%	14.82%	3.69%	6.58%	7.79%
LISTED REAL ASSETS							
FTSE Nareit/Equity REITs - INV	4.80%	4.80%	6.84%	9.09%	5.81%	5.34%	5.57%
MSCI U.S. REIT INDEX	4.84%	4.84%	6.79%	9.12%	5.80%	5.37%	5.56%
MSCI World Core Infrastructure	7.82%	7.82%	16.11%	10.94%	7.17%	7.03%	8.41%
FIXED INCOME							
Bloomberg U.S. Aggregate	-0.05%	-0.05%	4.35%	3.63%	0.31%	1.56%	1.70%
Bloomberg U.S. Government/Credit	-0.20%	-0.20%	3.86%	3.41%	0.24%	1.65%	1.79%
Bloomberg U.S. Intermediate Government/Credit	-0.02%	-0.02%	4.41%	4.24%	1.33%	2.20%	2.04%
Bloomberg U.S. Treasury (1-3 Y)	0.27%	0.27%	3.77%	4.04%	1.82%	2.11%	1.77%
ICE BofA U.S. High Yield	-0.55%	-0.55%	6.90%	8.49%	4.19%	4.94%	6.05%
Bloomberg Global Aggregate	-1.07%	-1.07%	4.26%	2.59%	-1.46%	0.19%	0.58%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	0.87%	0.87%	4.05%	4.80%	3.40%	2.76%	2.29%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

THE ECONOMY

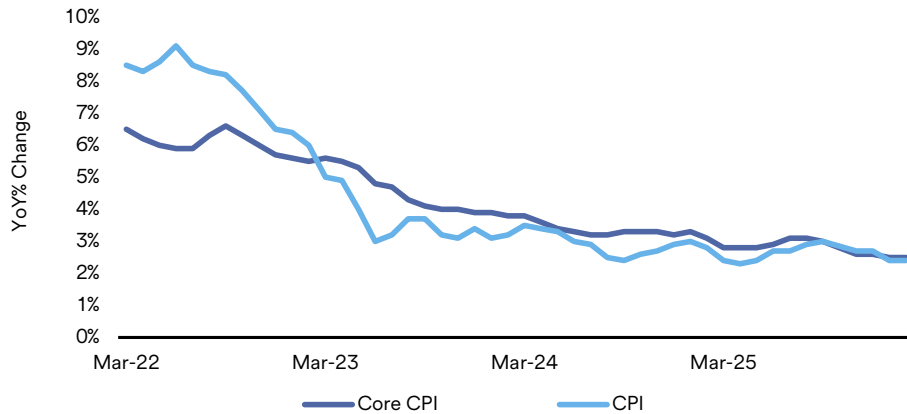
- U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 0.7% in the fourth quarter. This modest growth rate largely reflects the temporary effects of the government shutdown in October-November 2025 rather than a material deterioration in underlying private demand, and consumers continue to support growth. Real final sales to private domestic purchasers (the sum of consumer spending and gross private fixed investment) increased 1.9% during the quarter.
- The U.S. labor market saw an uneven start to the year, with 178k jobs added in March following a sharp drop in February and a moderate gain in January. The overall unemployment rate remained relatively stable, edging down to 4.3%, though part of the decline reflects workers leaving the workforce rather than an acceleration in hiring. Initial jobless claims ended the quarter at 202k (week ending March 28), near a two-year low, with continuing claims declining to approximately 1.8 million. Overall, there has been no meaningful increase in layoffs, consistent with a “low-hire, low-fire” environment.
- Inflation moderated in the first two months of the quarter. Headline inflation (CPI) increased 2.4% year-over-year (YoY) in February, the lowest level since May 2025. This moderating trend may encounter near-term pressure, as markets are pricing higher March inflation readings amid rising energy prices related to the conflict in the Middle East.

U.S. Unemployment and Monthly Average Continued Claims



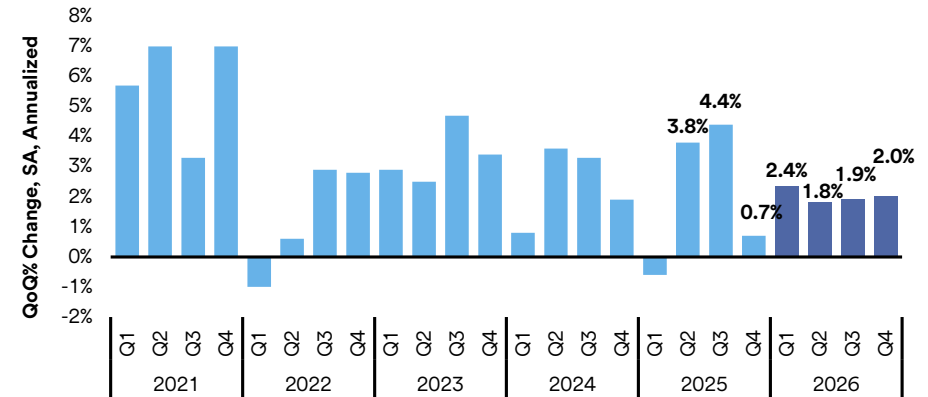
Source: Bloomberg.

U.S. Inflation Rate
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

U.S. GDP Growth

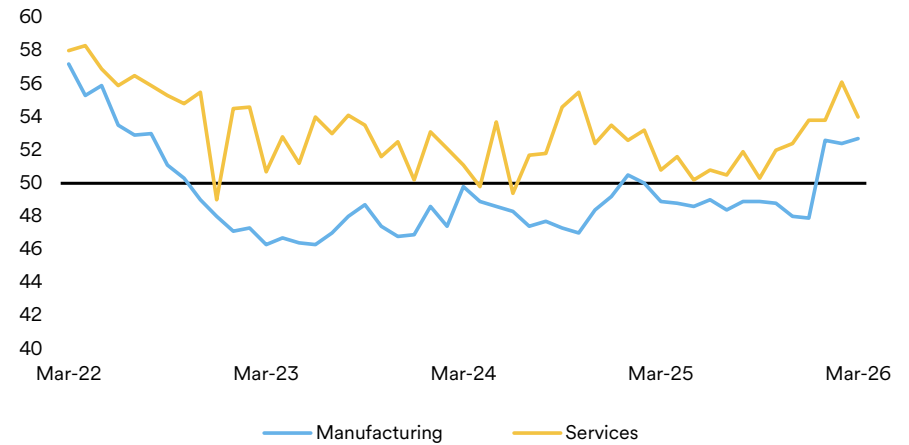


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

WHAT WE'RE WATCHING

- The Federal Reserve (Fed) held rates steady in the first quarter amid persistent inflation pressures and muted net job creation. Looking ahead, the 2026 dot plot reflects expectations for one rate cut, though the outlook has become more uncertain, as geopolitical developments add complexity to the inflation path. Outside the U.S., the European Central Bank (ECB) and Bank of England (BOE) also held rates steady during the quarter, while markets continue to assess the likelihood of additional policy action in the months ahead.
- U.S. consumer sentiment, as measured by the University of Michigan Survey of Consumers, increased in the first two months of the quarter before retreating toward December levels, as higher gasoline prices and financial market volatility weighed on households' outlook.
- The first quarter was marked by an escalation of geopolitical conflict involving Iran, which remains an important risk factor for the global economy. Rising energy and commodity prices have increased uncertainty around the duration and magnitude of inflationary pressures. If disruptions to energy and commodity supply chains persist or intensify, risks to global growth could increase, including a higher probability of recession in energy-importing regions.

U.S. ISM Manufacturing & Services PMI



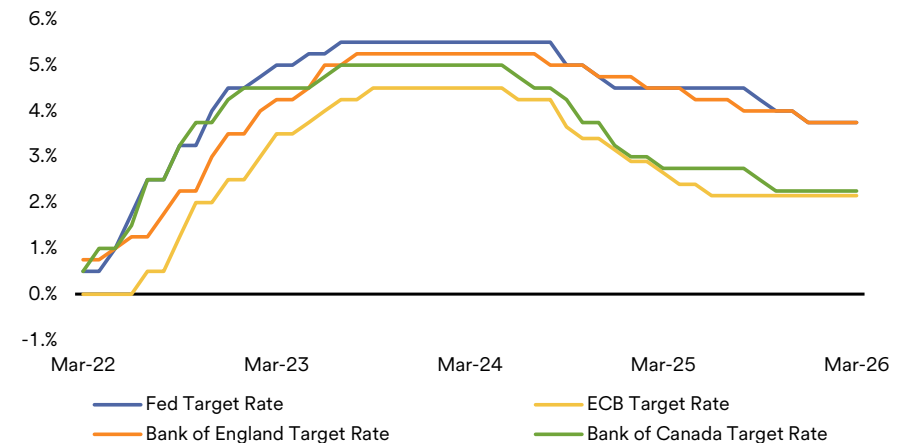
Source: Bloomberg.

University of Michigan Consumer Sentiment



Source: Bloomberg.

Global Central Bank Rates



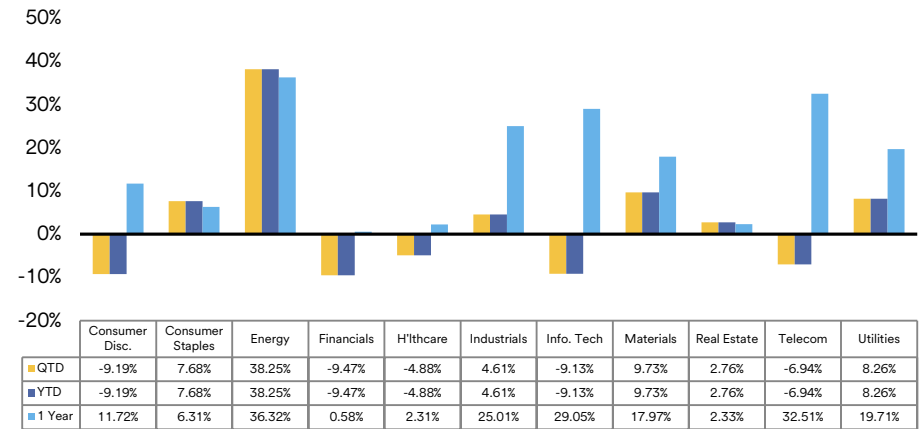
Source: Bloomberg.

DOMESTIC EQUITY

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, declined in the first quarter, returning -4.3% and -4.0%, respectively. This marked the weakest quarterly performance since 2022, as the geopolitical conflict involving Iran and continued volatility related to artificial intelligence exposure weighed on returns. Following the escalation of the conflict in late February, both indices declined -5.0% during the month of March.
- Within the S&P 500, performance varied widely across sectors, with six of the 11 posting positive returns for the quarter. Energy was the strongest performing sector, returning 38.2%, as supply disruptions contributed to higher prices. Materials (9.7%) and Utilities (8.3%) also posted solid gains. Consumer Discretionary declined -9.2%, while Financials lagged all sectors, posting a return of -9.5%.
- Large-cap stocks, as represented by the Russell 1000 Index, returned -4.2% during the quarter, as the “Magnificent Seven” experienced double-digit declines (-12.0%). Mid- and small-cap stocks outperformed large caps, with the Russell Midcap and Russell 2000 indices, returning 1.3% and 0.9%, respectively. Value stocks outperformed growth stocks across all capitalizations.
- According to FactSet Earnings Insight as of April 2, 2026, analysts project earnings growth of 13.2% for the first quarter of 2026, up from an initial estimate of 12.8% in December. If realized, this would represent the sixth consecutive quarter of double-digit, YoY earnings growth. Revenue is also expected to grow, with YoY revenue growth currently estimated at 9.7%, the highest rate since 2022. For calendar year 2026, analysts project earnings growth of 17.4%.
- At quarter end, the S&P 500’s 12-month adjusted positive forward price-to-earnings (P/E) ratio (includes only positive earnings results for consistency) stood at 21.6 — below its five-year average of 23.1 — as equity prices declined in March while earnings expectations remained elevated. The Russell 2000 Index, which represents small-cap stocks, posted an adjusted positive forward P/E ratio of 18.0, slightly above its five-year average of 17.5.

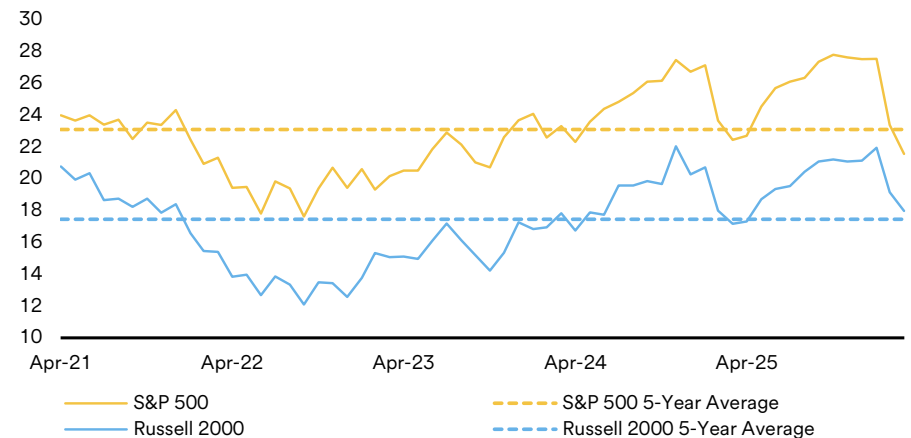
S&P 500 Index Performance by Sector

Periods Ended March 31, 2026



Source: Bloomberg.

P/E Ratios of Major Stock Indices*



Source: Bloomberg.

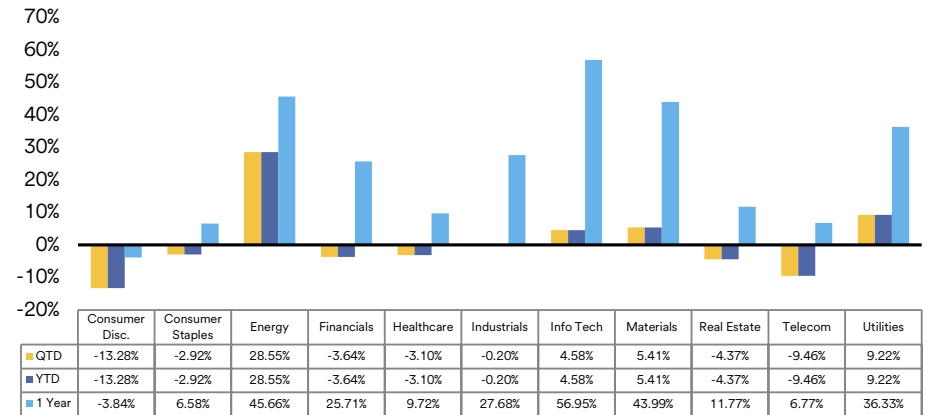
*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

INTERNATIONAL EQUITY

- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, also saw the impacts of the conflict in the Middle East, with posted a return of -0.7% for the first quarter, as sharp declines in March offset gains recorded earlier in the year. During March alone, the index returned -10.8%.
- Four of the 11 sectors posted positive returns for the quarter. As in the U.S., Energy (28.5%), Utilities (9.2%) and Materials (5.4%) led performance. The weakest sectors were Real Estate (-4.4%), Communication Services (-9.5%), and Consumer Discretionary (-13.3%).
- Developed ex-U.S. markets, as represented by the MSCI EAFE Index, and emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned -1.2% and -0.2%.
- Among the five largest-weighted countries in the MSCI EAFE Index, the MSCI United Kingdom (2.0%) and MSCI Japan (1.4%), indices outperformed the broader index, while MSCI Switzerland (-4.2%), MSCI France (-5.4%), and MSCI Germany (-8.5%) indices underperformed.
- Within EM, MSCI Korea (16.5%), MSCI Taiwan (9.1%), and MSCI Brazil (19.1%) outperformed the MSCI Emerging Markets index, while MSCI China (-8.9%) and MSCI India (-18.1%) underperformed with notable negative returns. While Korea and Taiwan's posted positive quarterly returns, this is due to extremely strong gains earlier in the quarter which offset pronounced losses in March (-25.5% and -13.0%, respectively)
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned -3.6%, while the MSCI AC World ex-USA Value Index returned 2.1%. Within EM, value stocks (MSCI EM Value) returned 0.7% versus -1.7% for growth. Small-cap stocks, as represented by the MSCI ACWI ex-U.S. Small Cap Index, declined -0.5%.
- Equity valuations increased across both emerging and developed markets and now sit modestly above long-term averages. At quarter end, the MSCI EAFE's adjusted positive forward P/E ratio stood at 15.9, above its five-year average of 15.3. The MSCI Emerging Markets Index ended the quarter at an adjusted positive forward P/E ratio of 11.7, below its five-year average of 13.0.

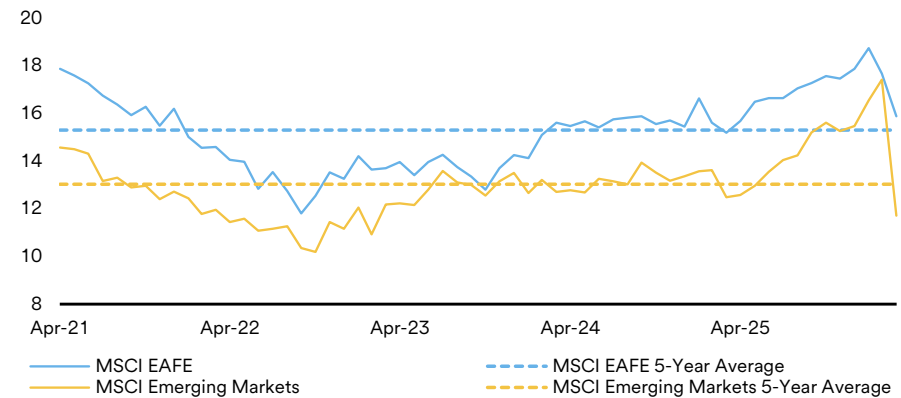
MSCI ACWI ex-U.S. Sectors

Periods Ended March 31, 2026



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



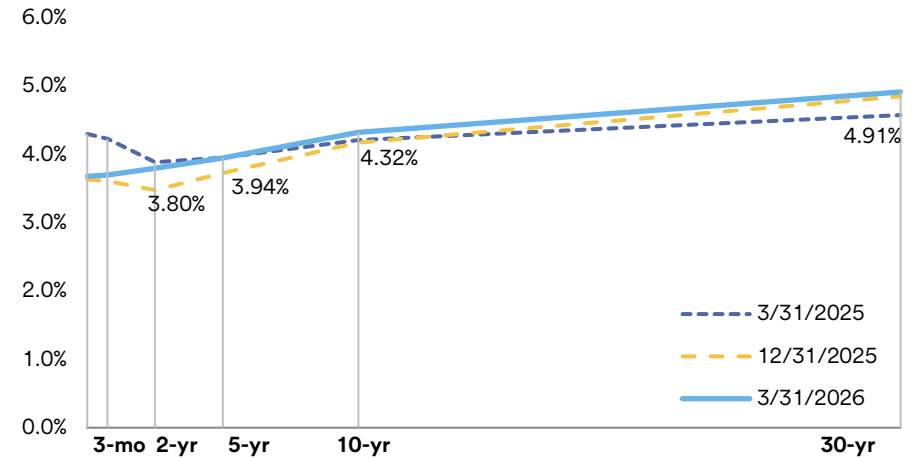
Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg U.S. Aggregate Index, returned -0.1% in the first quarter of 2026. Performance was weighed down by declines in March (-1.8%), as bonds failed to provide diversification benefits during the sell-off amid near-term inflation concerns. Interest-rate volatility increased over the quarter, with the ICE BofA Move Index rising to a nine-month high, reflecting uncertainty surrounding the duration of the geopolitical conflict involving Iran.
- The Bloomberg U.S. Treasury Index also finished the quarter little changed, declining -4 basis points (bps). While the Fed held rates steady, Treasury yields moved higher as investors reassessed the expected timing and pace of future rate cuts. The 30-year Treasury yield rose 7 bps to 4.9%, while the 2-year Treasury rose 32 bps to 3.8%.
- Corporate credit generated negative returns across the quality spectrum. The Bloomberg U.S. Corporate Investment Grade Index declined -0.5%, while the ICE BofA High Yield Index returned -0.6%. Credit spreads widened for both investment-grade and high-yield corporates and now sit above their respective 10-year averages. Despite near-term pressure, corporate fundamentals remain supported by elevated profit margins, ongoing share repurchases, and continued merger and acquisitions activity. AI-related corporate debt issuance across corporate bonds and bank loans space has drawn increased investor attention during the quarter, reflecting continuing financing demand among technology-oriented issuers.

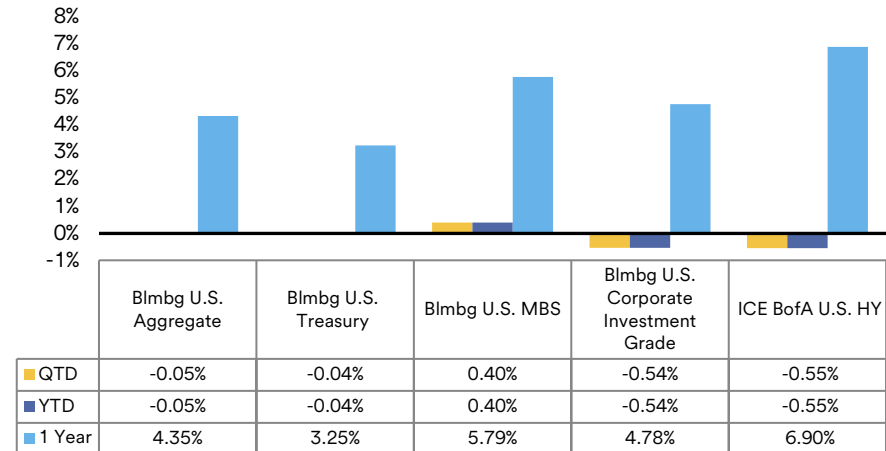
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended March 31, 2026

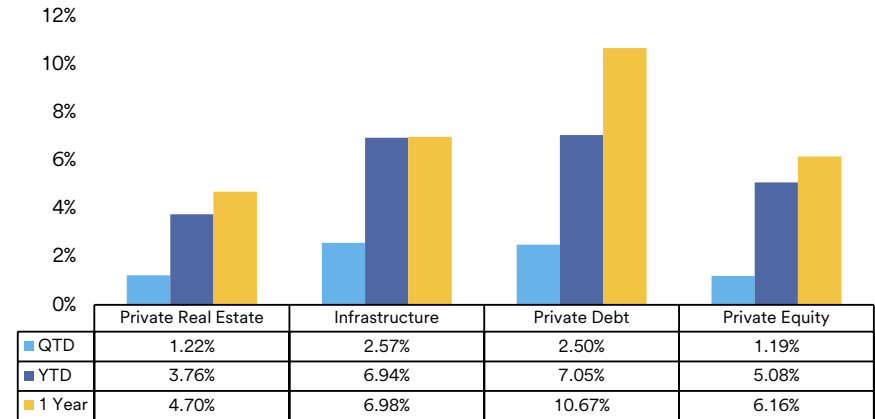


Source: Bloomberg.

ALTERNATIVES

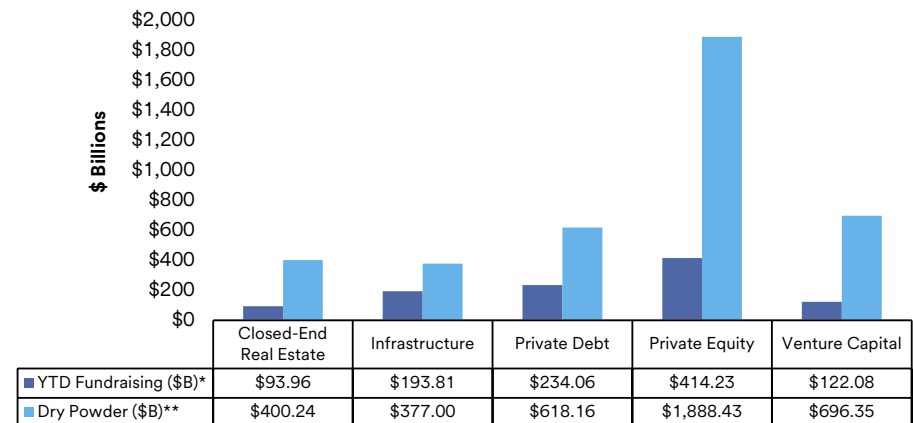
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned 4.8% in the first quarter of 2026. Private real estate, as measured by the NCREIF Property Index, gained 1.2% in the third quarter of 2025, marking the fourth consecutive quarter of positive total returns, driven primarily by income, with modest property appreciation also contributing. Senior Housing was the strongest-performing property type, returning 2.9%, while Office posted a modest gain of 0.9%.
- Listed infrastructure, as represented by the MSCI World Core Infrastructure Index, returned 7.8% in the first quarter of 2026. According to PitchBook, private infrastructure funds posted returns of 2.6% in the third quarter of 2025, generating an annualized return of 10.9% over the five years ended Q3 2025. By the end of the fourth quarter of 2025, 60 private infrastructure funds had raised \$193.8 billion, with the majority of the capital flowing to larger-scale strategies focused on long-term demand themes, including artificial intelligence.
- By the end of 2025, 200 private debt funds had raised \$234.1 billion, with capital increasingly concentrated among fewer, larger funds. Private debt dry powder remained elevated at \$618.2 billion as of June 30, 2025. According to Cliffwater, while performance remains positive, returns have moderated, with private debt funds posting a return of 2.5% in the third quarter of 2025. The asset class has generated an annualized return of 10.5% over the past five years.
- Private equity fundraising slowed further in 2025, with 578 private equity funds having raised \$414.2 billion, marking the weakest annual fundraising environment since 2020. Despite this slowdown, global private equity dry powder — which accounts for the bulk of private capital dry powder — remains elevated at \$1.9 trillion as of June 30, 2025. Lower borrowing costs could support exit activity and fundraising in 2026, although sustained geopolitical uncertainty poses an ongoing risk. According to PitchBook, private equity funds returned 1.2% in the third quarter of 2025 and have generated an annualized return of 14.2% for the five years.

Returns for Private Capital Assets









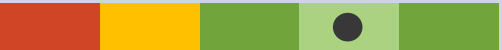

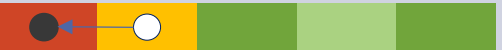
Source: NCREIF, PitchBook, Cliffwater.
As of September 30, 2025, the most recent period for which all index data is available.

Private Capital Fundraising & Dry Powder



Sources: Pitchbook.
* Total capital raised in 2025 as of December 31, 2025 - most recent period for which ALL fundraising data is available.
** Cumulative dry powder as of June 30, 2025 except Infrastructure dry powder which is as of March 31, 2025.

Factors to Consider Over the Next 6-12 Months

<p>Monetary Policy (Global):</p>  <ul style="list-style-type: none"> The Fed held rates steady in Q1 amid persistent inflation pressures and limited net job creation. The “dot plot” projects 25 bps of rate cuts in both 2026 and 2027; however, this is predicated on inflation progress. Global central banks remained on pause in Q1, but near-term inflation pressures may necessitate hikes. 	<p>Economic Growth (Global):</p>  <ul style="list-style-type: none"> Stable consumer and business spending support growth, offsetting the weakness seen from the U.S. government shutdown in Q4 GDP. Risks to global growth prospects have increased amid the escalating conflict due to higher energy prices, supply-chain disruptions, and increased uncertainty. 	<p>Inflation (U.S.):</p>  <ul style="list-style-type: none"> The inflation outlook depends on the duration of the Middle East conflict and degree to which higher energy and commodity costs raise core goods and services prices. Near-term inflation expectations have increased due to the higher energy prices while long-run expectations remain anchored.
<p>Financial Conditions (U.S.):</p>  <ul style="list-style-type: none"> The conflict in the Middle East has tightened financial conditions. The duration of the conflict and its impact on the economy will be a key driver of corporate fundamentals. Geopolitical conflict, higher energy prices, and the evolution of the economy are key risks to watch. At this time, we view volatility in private credit as contained and not a systemic risk. 	<p>Consumer Spending (U.S.):</p>  <ul style="list-style-type: none"> Wage growth continues to exceed inflation, but this gap has narrowed. Energy shocks may compress real incomes and reduce discretionary spending. Lower-income cohorts remained more exposed to higher energy prices as a larger share of household budgets are allocated to essentials. Higher-income cohorts benefit from strong equity markets and home prices. 	<p>Labor Markets (U.S.):</p>  <ul style="list-style-type: none"> Labor market conditions continued to cool with net new job creation close to zero. The Fed has framed the combination of limited job growth and a stable unemployment rate as an uncomfortable balance. Initial jobless claims and layoff rates remain low, consistent with a continued “low-hire/low-fire” environment.
<p>Corporate Fundamentals:</p>  <ul style="list-style-type: none"> Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks. In the U.S., M&A and capital spending pickup, tax changes and rate cuts are positives while any energy and commodity related cost pressure impact needs to be monitored. 	<p>Valuations:</p>  <ul style="list-style-type: none"> Recent sell-off has led to improvement in valuations across U.S. equities and credit markets. Resilient growth, strong earnings growth and profit margins are supportive of the current valuations. Any prolonged disruption to energy or elevated geopolitical uncertainty warrant caution. 	<p>Political/Policy Risks:</p>  <ul style="list-style-type: none"> Conflict with Iran and the ongoing geopolitical uncertainty are impacting risk assets negatively. We expect geopolitical uncertainty to remain elevated in the near-term. Tariff-related uncertainty and upcoming mid-term elections in the U.S. also warrant attention.



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

Long-Term Strategic Approach to Private Capital/Alternatives

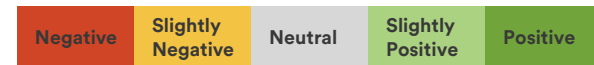
Sub-Asset Class	Long-Term Strategic View	Recent Trends (as of 2026 Q1)
Private Equity	Provides attractive returns with lower correlations to public market equities due to their ability to invest in early-stage growth companies or ability to turnaround a struggling firm.	<ul style="list-style-type: none"> • Exit activity is gradually improving, with IPOs and M&A showing early signs of recovery • Secondary buyouts and GP led continuation vehicles remain key liquidity tools amid longer hold periods • Deal activity remains selective, with focus on operational value creation and conservative leverage • VC activity remains subdued, with capital concentrated in AI, semiconductors, and defense industries
Private Debt	Provides higher returns than the public market debt due to the ability to customize terms and floating rate structure of most notes.	<ul style="list-style-type: none"> • Private credit continues to gain share as bank lending remains constrained, despite recent trends of increased redemption from wealth investors • Yields remain attractive versus public credit, though spread compression has emerged • Credit dispersion is rising, highlighting importance of underwriting and manager selection • Increased focus on asset backed lending, real estate debt, and special situations
Real Assets Real Estate Infrastructure	Provides exposure to inflation sensitive assets that typically generate returns from a combination of capital appreciation and income generation.	<ul style="list-style-type: none"> • Real Estate: Transaction activity is stabilizing as pricing discovery improves. Performance remains highly sector specific, with industrial and multifamily outperforming. Refinancing pressure is creating opportunities in distressed and debt strategies • Infrastructure: Structural demand remains strong, driven by energy transition, electrification, and data centers. Long duration, inflation linked cash flows support infrastructure’s defensive income profile
Diversifying Assets Hedge Funds	Expected to lower the volatility and correlation within portfolios while providing access to esoteric strategies.	<ul style="list-style-type: none"> • Hedge funds generated positive absolute returns, led by macro, relative value, and L/S equity • Correlations to 60/40 portfolios have moderated, restoring diversification benefits • Higher cash rates continue to support carry oriented and market neutral strategies

The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc. at the time of distribution (March 31, 2026) and are subject to change.

Investment Strategy Overview

Asset Class	Our Q2 2026 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> The duration of U.S.-Iran conflict and its impact on energy supply will impact inflation and growth, rates, and market returns near-term but we expect impact to be more muted in the U.S. Underlying fundamentals still supportive of positive equity returns, with economic growth still intact and corporate earnings expected to grow at a high double-digit pace. Resilient economic growth, ongoing consumer strength, expected rate cuts, equity market broadening and strong earnings growth led us to modestly overweight domestic small caps in Q1, prior to the U.S.-Iran conflict. The recent pullback has improved attractiveness of valuations relative to historical averages. We maintain the overweight despite elevated uncertainty.
Large-Caps		
Small-Caps		
Non-U.S. Equities		<ul style="list-style-type: none"> International equities are at a higher risk of pullback if energy prices remain elevated. Major central banks outside the U.S. are now expected to hike two to three times this year as near-term inflation pressures rise, reversing earlier expectations for rate cuts. Energy-importing developed and emerging market economies are more vulnerable to higher energy prices, leading us to remain neutral. Tariff-related uncertainty also remains a headwind as alternative tariff mechanisms are considered.
Developed Markets		
Emerging Markets		
Fixed Income		<ul style="list-style-type: none"> The Fed held rates steady at its March meeting, while the conflict-driven inflation outlook has increased uncertainty around rate cuts. Our base case is that Fed's next move is a cut rather than a hike. We continue to monitor increased volatility across fixed income yields. Absolute yield levels look attractive. Credit spreads have widened slightly. Strong profit margins, continued issuance, continued buybacks and ongoing M&A activity points to healthy corporate sentiment. We remain neutral across duration and credit sectors.
Core Bonds		
Investment-Grade Credit		
High-Yield Credit		
Diversifying Assets		<ul style="list-style-type: none"> Listed REITs and listed global infrastructure outperformed domestic and global equities respectively during the March pullback, highlighting their diversification benefits. In addition to diversified sources of return, improving AI sentiment continues to support data center and utilities buildout as a tailwind for listed real assets.
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook ○ Outlook one quarter ago



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SOURCES

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empsit.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

DISCLOSURES

Indices shown are not available for investment. The index data reference herein is the property of the index provider and/or its licensors. The index provider assumes no liability in connections with its use and does not sponsor, endorse or recommend the products or services contained herein. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

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Important disclosures, definitions of terms and index descriptions

Provided U.S. Bank

If you have questions regarding this information or wish to receive definitions of any additional terms or indexes used in this report, please contact your team.

Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.



Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

This information represents the opinion of U.S. Bank. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. The factual information provided has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness.

U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. **Holdings of Nuveen mutual funds:** Firststar Capital Corporation (Firststar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firststar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds:** U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

Definitions of report and statement terms (page 1 of 5)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than \$1 million (excluding primary residence) or an income of more than \$200,000 individually (\$300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least \$5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of report and statement terms (page 2 of 5)

Cost basis/book value: The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Estimated annual income: The amount of income a particular asset is anticipated to earn over the period indicated. The shares multiplied by the annual income rate.

Gain/loss calculation: If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Definitions of report and statement terms (page 3 of 5)

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company’s stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm’s ability to grow its earnings. A low P/E indicates the market has less confidence that the company’s earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least \$5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least \$25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Definitions of report and statement terms (page 4 of 5)

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third-party security fees and expenses. Details of those fees and expenses are provided in the security's prospectus or offering documents.

Definitions of report and statement terms (page 5 of 5)

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund's or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Unrealized gain (loss) — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have \$250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least \$50 million, have a maturity value of at least \$5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Frequently used indexes (page 2 of 5)

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

Frequently used indexes (page 3 of 5)

HFR Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of \$50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

HFR Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of \$50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

Frequently used indexes (page 4 of 5)

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Frequently used indexes (page 5 of 5)

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values, and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.



CITY OF CUPERTINO

Agenda Item

26-15071

Agenda Date: 4/27/2026
Agenda #: 3.

Subject: Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026

Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026 and forward to City Council

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler Asset Management



ADMINISTRATIVE SERVICES DEPARTMENT

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TELEPHONE: (408) 777-3220 • FAX: (408) 777-3109
CUPERTINO.ORG

AUDIT COMMITTEE STAFF REPORT

Meeting: April 27, 2026

Subject

Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026

Recommended Action

Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026

Reasons for Recommendation

Background

On May 20, 2025, the City Council approved the City Investment Policy. Per the City's Investment Policy, the Treasurer shall submit a quarterly investment report to the City Council approximately 45 days following the end of the quarter. In addition to the quarterly investment reports, monthly transaction reports are submitted to the City Council within 30 days of the end of the reporting period per California Government Code Section 53607. The quarterly investment report offers a more extensive discussion of the City's economy, cash flow, and investments.

The City's Municipal Code Section 2.24.050 Investment Authority states that the Treasurer shall make a monthly report of all investment transactions to the City Council. The City's Municipal Code Section 2.48.020(A)(3) states that the Director of Administrative Services shall be appointed Treasurer and also shall act as ex officio Assessor and shall assess and collect all City taxes save and except for those collected by State and County officers for the City. Lastly, the City's Municipal Code Section 2.88.100 Duties–Powers–Responsibilities lists one of the powers and functions of the Audit Committee is "to review the quarterly Treasurer's Investment report."

Per the referenced code provisions, a Treasurer's Investment Report is made available to the City Council quarterly.

Treasurer's Investment Report

The report provides an update on the City's investment portfolio for the month ending March 31, 2026. The report is as of April 20, 2026.

The attached statements include balances and transactions of the City's investments with the Local Agency Investment Fund (LAIF) and Chandler Asset Management. The Chandler investment report provides information on the investment type, issuer, purchase date, maturity date, cost value, par value, and market value for each security, as well as the weighted average maturity and weighted average yield of all investments.

While not governed by the City's Investment Policy, statements for the Public Agency Retirement Services (PARS) Section 115 Trusts are also attached per a request from the Treasurer's Report subcommittee.

The City's General Ledger cash and investments balance is \$317.4 million, a \$8.4 million increase from the prior quarter.

Cash and Investments – General Ledger Balance

Fund Type	Quarter Ending December 31, 2025	Quarter Ending March 31, 2026
General Fund	199,397,467	203,549,416
Special Revenue	45,016,324	47,636,446
Debt Service	2,436,800	2,436,800
Capital Projects	41,770,662	43,774,315
Enterprise	10,455,113	10,541,580
Internal Service	9,930,897	9,423,557
Total	\$309,007,263	\$317,362,114

Note: Beginning balances have been updated to reflect final month-end adjustments that were not available at the time of the prior report's publication. These adjustments include interdepartmental cost allocation charges and applicable bank fees. While the fees were recorded timely, a system issue prevented them from appearing in the previous report.

The City pools cash for all funds except restricted funds. However, the City accounts for interest earnings, revenues, and expenditures separately for each fund to adequately meet the purpose and restrictions of each funding source. Pooling funds is a common and appropriate practice used in public agencies. By pooling funds, the City can benefit from economies of scale, diversification, liquidity, and ease of administration.

The table below shows the bank balances for the City's cash and investments. Bank and General Ledger balances differ due to timing. Bank balances do not include outstanding checks and deposits in transit. The General Ledger is updated quarterly with interest earnings and annually with the year-end investment market values.

Cash and Investments – Bank Balance

	Quarter Ending December 31, 2025	Quarter Ending March 31, 2026	% of Portfolio
Cash in banks and on hand			
Operating Checking (Wells Fargo)	7,023,661	11,912,804	4%
Workers' Compensation Checking (Wells Fargo)	19,225	34,369	0%
Payroll Checking (Wells Fargo)	-	-	0%
Restricted for Bond Repayments ¹ (BNY Mellon)	-	-	0%
Cash Equivalents			
Local Agency Investment Fund	73,252,391	73,980,261	23%
Investments			
Investments (Chandler)	203,529,920	205,686,359	65%
Restricted for Pension ² (PARS)	26,228,208	25,892,783	8%
Total Cash and Investments³	\$310,053,405	\$317,506,576	100%

¹ Cash held by fiscal agent for bond repayments

² In accordance with GASB 67/68, the assets in the Section 115 Pension Trust are reported as restricted cash and investments in the General Fund. The assets can only be used to fund CalPERS costs.

³ Assets in the Section 115 OPEB Trust are excluded as the City cannot use these assets to fund its own operations. The assets are held in trust for retirees' post-employment health benefits.

⁴ Beginning December 31, 2024, Investment amount reflect cost value.

Wells Fargo Accounts

The City, in collaboration with Chandler and Wells Fargo's relationship manager, continues to evaluate options to maximize investment opportunities for excess funds held in the City's operating account. As previously reported, the operating account was converted to a "Government Advantage Checking" account, which offers full FDIC insurance and an interest rate of 3% through March 31, 2025. As of the end of the March 2026 quarter, there has been no change to the interest rate.

To support the effective deployment of funds and minimize idle cash balances, the City has developed an internal cash flow model that projects monthly cash inflows and outflows. This model enables the City to maintain a lower balance in its operating account while still meeting operational needs. The model also incorporates expected seasonal fluctuations in major revenue sources (e.g., property and sales tax) and expenditure patterns (e.g., CalPERS UAL and insurance obligations).

To maintain daily liquidity, the City utilizes the Local Agency Investment Fund (LAIF) as a buffer for short-term needs. The combination of the Government Advantage Checking account and LAIF, along with the City's investment portfolio, provides a diversified and flexible approach to managing public funds in alignment with the City's Investment Policy objectives of safety, liquidity, and return.

Staff will continue refining the cash flow model and evaluating investment options to enhance returns while prioritizing that adequate liquidity is preserved for City operations.

Local Agency Investment Fund (LAIF)

LAIF is an investment pool administered by the State of California Treasurer and governed by California Government Code. The City can withdraw funds from LAIF at any time. As a result, the City uses LAIF for short-term investment, liquidity, and yield. The City's LAIF account had a balance of \$74.0 million. The quarterly interest rate was 3.98%.

Investment Portfolio

In FY 2018-19, the City conducted a Request for Proposal (RFP) for investment management services and selected Chandler Asset Management. Under the City's Treasurer's direction, Chandler Asset Management manages the City's investment portfolio in accordance with the City's investment objectives. The City's investment objectives, in order of priority, are to provide:

- Safety to ensure the preservation of capital in the overall portfolio
- Sufficient liquidity for cash needs
- A market rate of return consistent with the investment program

The performance objective is to earn a total rate of return through a market cycle equal to or above the return on the benchmark index. Chandler Asset Management invests in high-quality fixed-income securities consistent with the City's Investment Policy and California Government Code to achieve the objective.

The portfolio's total market value was \$207.8 million, compared to \$207.3 million at the end of the previous quarter. The portfolio's market value fluctuates depending on interest rates. When interest rates decrease after an investment is purchased, the market value of the investment increases. In contrast, when interest rates increase after an investment is purchased, the market value of the investment decreases. At the time of purchase, the City intends to hold all investments until maturity, meaning that changes in market value will not impact the City's investment principal. If the market value decreases, the City will incur an unrealized loss. However, the loss will only be realized if the City sells its investments before their maturity. The market values for the portfolio were provided by Chandler Asset Management.

Section 115 Trust Investment Portfolio

The City established Section 115 Trusts to reduce pension rate volatility and pre-fund Other Post-Employment Benefits (OPEB) costs. These trusts are a tax-exempt investment tool that local governments can use to set aside funds for pension and retiree health costs. Contributions made to the trust can only be used to fund retirement plans.

Investments in the Section 115 Trusts are governed by separate investment policies, which are distinct from the City's Investment Policy. On December 3, 2024, City Council approved the Pension Trust Investment Policy and OPEB Trust Investment Policy. Public Agency Retirement Services (PARS) administers the trust, while US Bank manages the investments in accordance with the approved investment policies.

Both Section 115 Trusts are invested in "balanced" portfolios. The investment objective is designed to provide a moderate amount of current income with moderate growth of capital. This type of investment strategy is generally recommended for investors with a long-term horizon. The strategic asset allocation ranges for this investment objective are:

The Section 115 Pension Trust had a balance of \$25.9 million, a decrease of \$0.3 million from the prior quarter due to investment gains. The Section 115 OPEB Trust had a balance of \$45.5 million, a decrease of \$0.6 million from the prior quarter mainly due to investment gains. The quarterly investment return for OPEB Trust was -1.18% and Pension Trust was -1.21%.

Compliance

All of the City's investments comply with state law and the City's Investment Policy. In compliance with California Government Code 53646 (b)(3), the City maintains the ability to meet its expenditure requirements for the next six months.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

City Work Program Item/Description

None

City Council Goal

Fiscal Strategy


California Environmental Quality Act

Not applicable.

Prepared by: _____



Jonathan Orozco
Acting Director of Administrative Services and City Treasurer

Approved for Submission by:  _____

Tina Kapoor
City Manager

Attachments:

A – Chandler Investment Report March 2026

B – Chandler Custodial Statement March 2026

C – PARS Pension and OPEB Account Statement March 2026

D – LAIF Account Statement March 2026

INVESTMENT REPORT

City of Cupertino | As of March 31, 2026

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

[ECONOMIC UPDATE](#)

[ACCOUNT PROFILE](#)

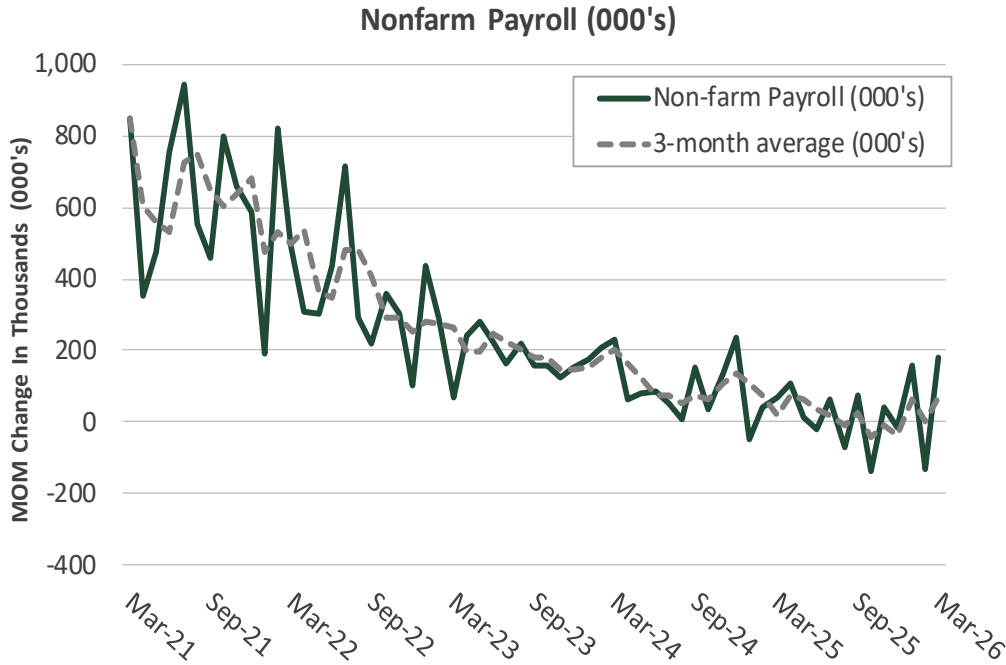
[CONSOLIDATED INFORMATION](#)

[PORTFOLIO HOLDINGS](#)

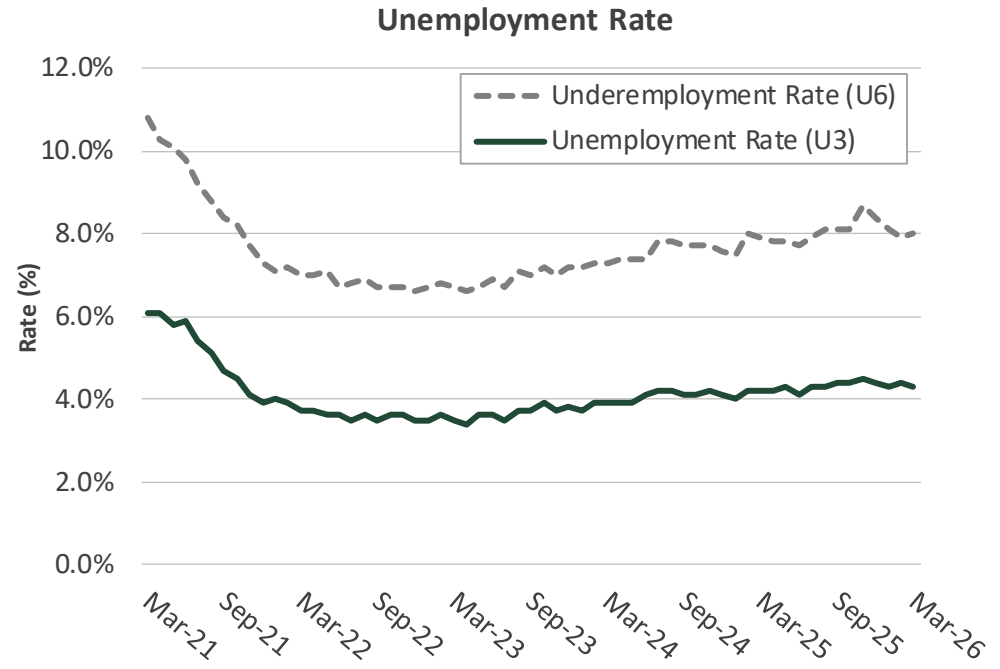
[TRANSACTIONS](#)

ECONOMIC UPDATE

- March payrolls rebounded by 178,000 after February's revised 133,000 decline, but the war in Iran and its disruption of the Strait of Hormuz have pushed crude oil above \$112, injecting a potential inflationary shock into an economy contending with sticky core prices above 3%. The Federal Reserve has held the funds rate at 3.50–3.75% and is signaling a cautionary stance, keeping open the option of delaying cuts if oil-related inflation proves persistent rather than transitory. As the data flow normalizes, the Chandler team anticipates additional yield curve steepening as the Federal Reserve gradually guides the policy rate toward a more neutral range. The Federal Reserve's March dot plot still projects one cut this year, yet the Iran-driven energy shock has narrowed the path toward easing.
- The Federal Reserve's March 2026 FOMC meeting ended with policymakers again holding the target range at 3.50%–3.75%, as the Committee maintained its pause following three late-2025 rate cuts. Governor Stephen Miran dissented in favor of an additional quarter-point reduction, while Christopher Waller joined the majority, tipping the vote 11–1 to leave the benchmark rate unchanged. Meanwhile, President Trump's nomination of Kevin Warsh to succeed Jerome Powell as chair has hit a roadblock after a Republican senator vowed to block Warsh's confirmation amid the Justice Department's ongoing probe of the central bank.
- Treasury yields exhibited considerable first-quarter volatility as the Iran conflict injected energy-driven inflation fears into a market grappling with sticky core prices. At March month-end, the 2-year yield stood at 3.79%, up 32 basis points year-to-date, the 10-year at 4.32%, and the 30-year at 4.86%. The 2-year to 10-year spread narrowed to 52 basis points, reflecting pronounced flattening as short rates rose faster than longer maturities. One year ago, that spread stood near 32 basis points, providing context on normalization since the 2022 through 2024 yield curve inversion. The 3-month to 10-year spread was approximately 64 basis points at March month-end.



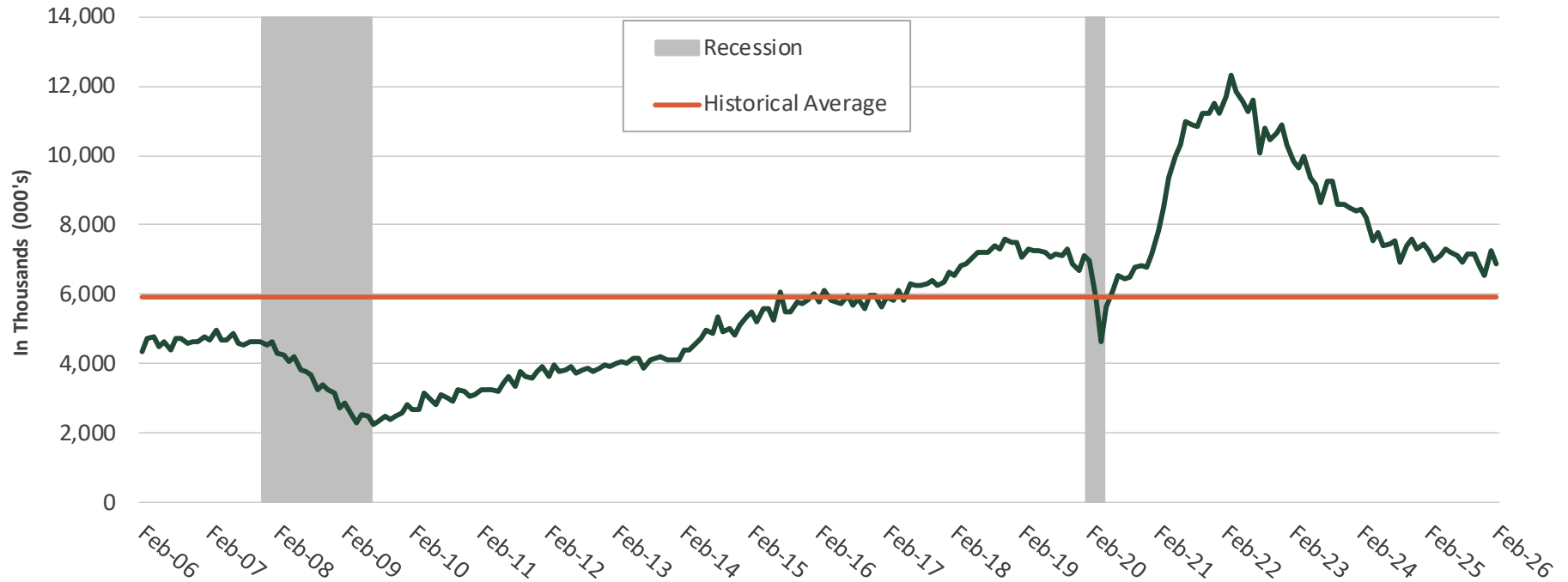
Source: US Department of Labor



Source: US Department of Labor

March nonfarm payrolls rose by 178,000, a decisive reversal from February’s revised 133,000 decline that had been distorted by a Kaiser Permanente strike affecting over 30,000 healthcare workers and severe winter weather. Healthcare contributed 76,000 positions as striking nurses returned, while construction and leisure rebounded from weather-induced troughs. The unemployment rate edged lower to 4.3%, though partly from a labor force reduction rather than a hiring acceleration. Meanwhile, the underemployment rate edged up to 8.0% from 7.9% in February. Average hourly earnings rose 0.2% over the month and 3.5% year over year—the slowest annual pace since May 2021.

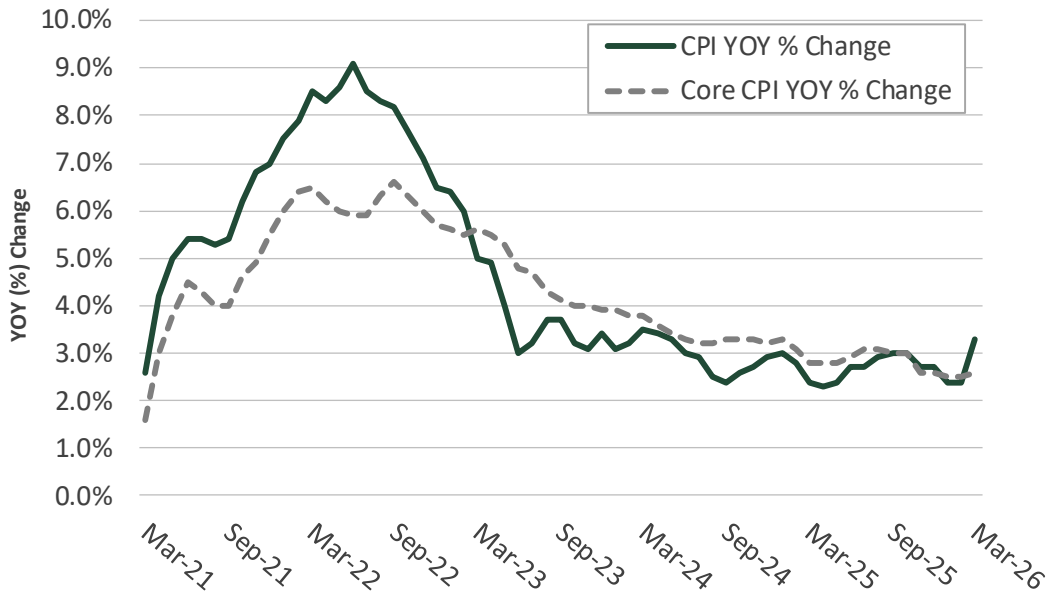
Job Openings



Source: US Department of Labor

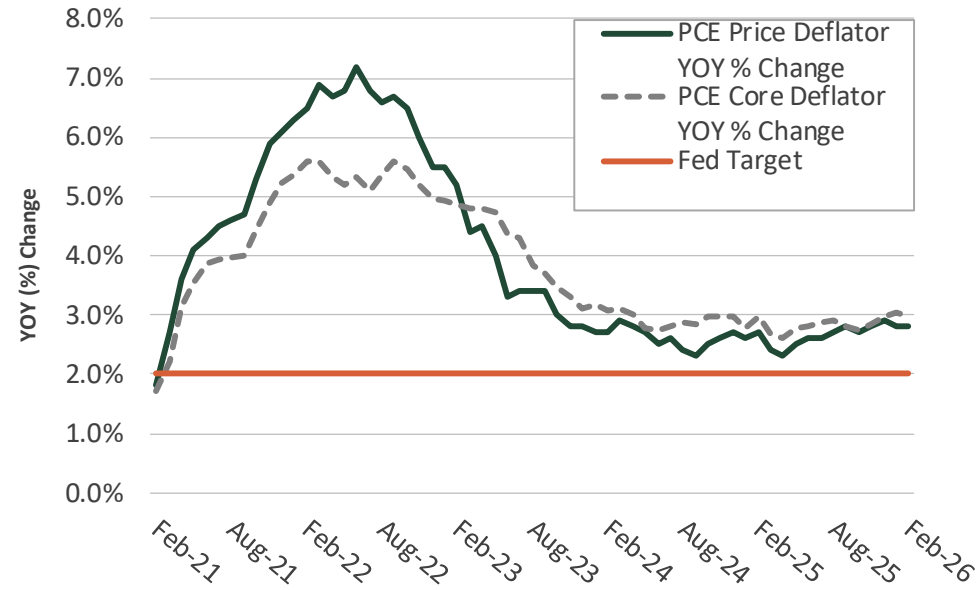
Job openings fell to 6.9 million in February from a revised 7.2 million in January, according to the Bureau of Labor Statistics’ Job Openings and Labor Turnover Survey. The ratio of openings to unemployed workers slipped to 0.9, reinforcing the gradual rebalancing of demand and supply. Hires decreased to 4.8 million, the lowest since April 2020, suggesting employers have grown selective about adding headcount. Quits were little changed at 3 million. The data reflects a labor market consistent with the Federal Reserve’s characterization of a no-hire, no-fire environment.

Consumer Price Index (CPI)



Source: US Department of Labor

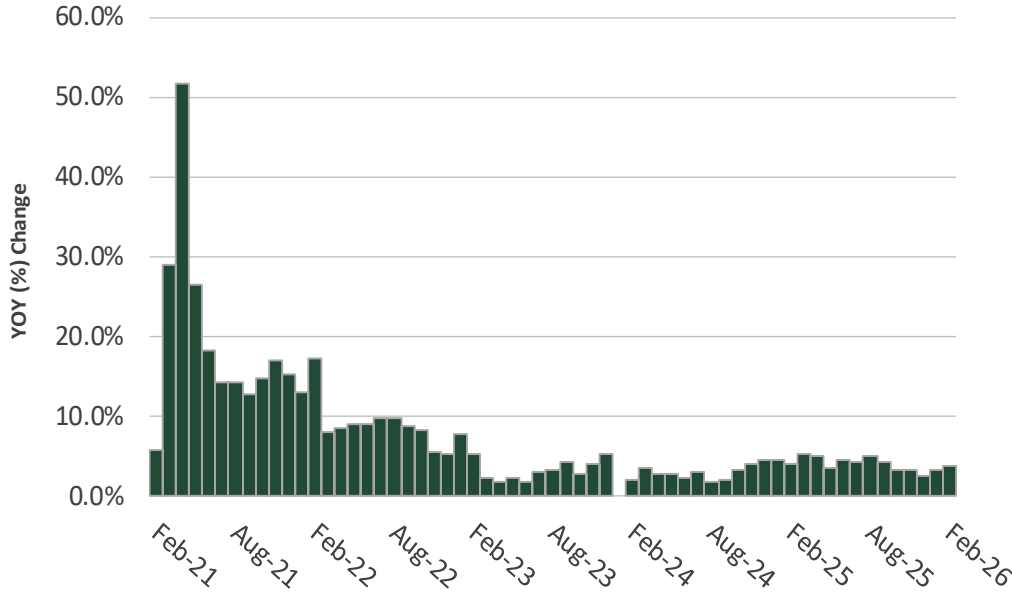
Personal Consumption Expenditures (PCE)



Source: US Department of Commerce

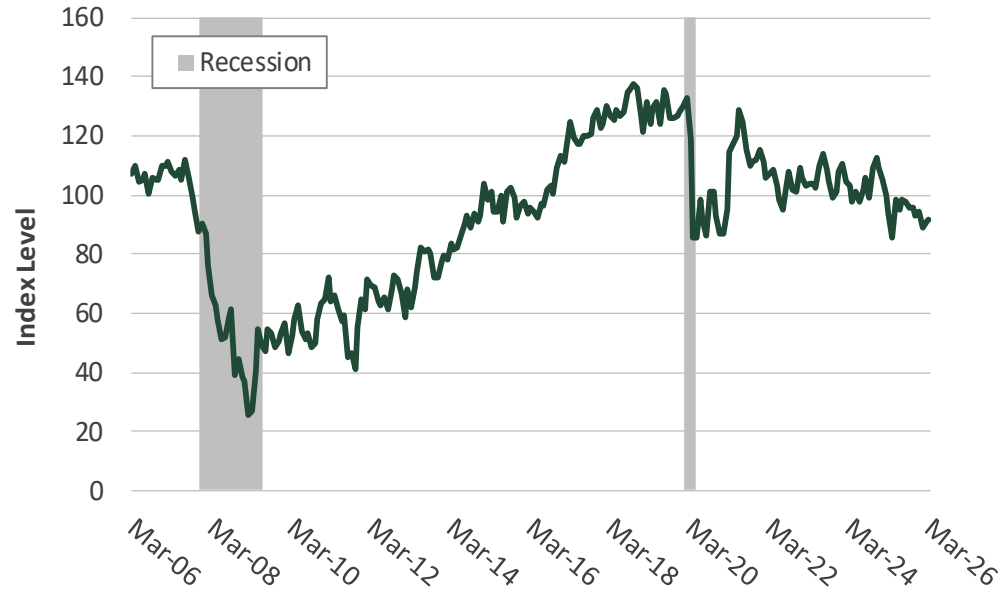
Consumer Price Index (CPI) for March surged 0.9%, the highest monthly rate since June 2022, and was up 3.3% on an annual basis primarily due to spikes in energy and airfare prices. Notably, Core CPI was little changed with a monthly increase of 0.2% and an annual rise of 2.6% as costs for services and other goods remained subdued. Personal Consumption Expenditures (PCE) were little changed in February, with the headline PCE Price Index up 0.4% month-over-month and 2.8% year-over-year. The Fed’s preferred metric, Core PCE, which excludes food and energy, rose 0.4% during the month and 3.0% from February of 2025.

Retail Sales YOY % Change



Source: US Department of Commerce

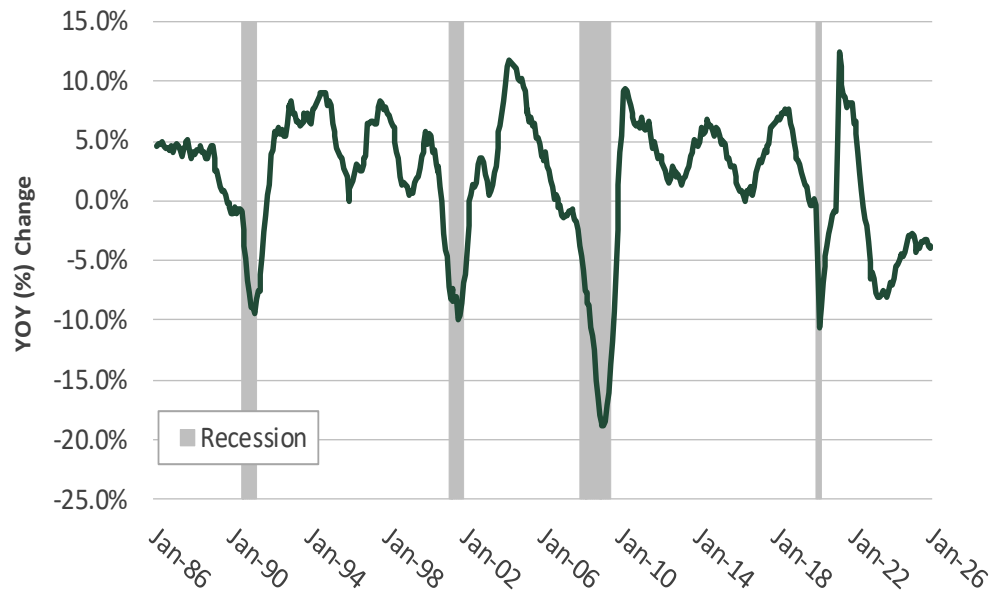
Consumer Confidence



Source: The Conference Board
All time high is 144.70 (1/31/00); All time low is 25.30 (2/28/09)

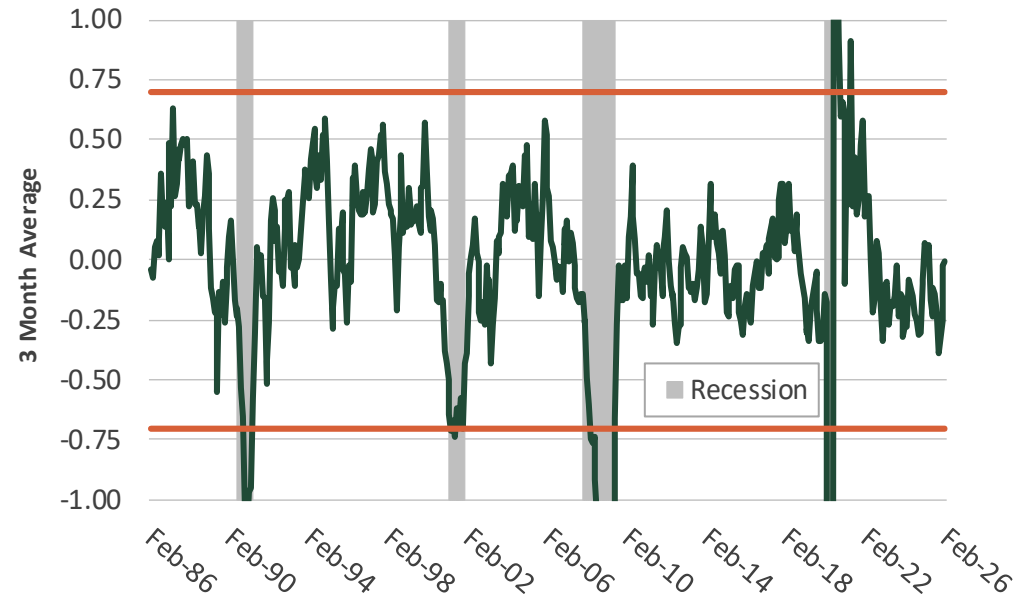
The Conference Board’s Consumer Confidence Index edged up to 91.8 in March from 91.0 in February, a second consecutive gain that nonetheless sits well below the all-time peak of 144.7 from early 2000. The Present Situation component rose 4.6 points to 123.3 on favorable assessments of business and labor conditions, while the Expectations Index slipped 1.7 points to 70.9. Inflation expectations climbed to their highest since August 2025, reflecting tariff passthrough and elevated gasoline prices. February retail sales rebounded 0.6% from January, with stronger auto and broad-based discretionary spending offsetting January’s weather- and vehicle-related weakness; the control group also advanced 0.5%, signaling firmer underlying consumer demand.

Leading Economic Indicators (LEI)



Source: The Conference Board

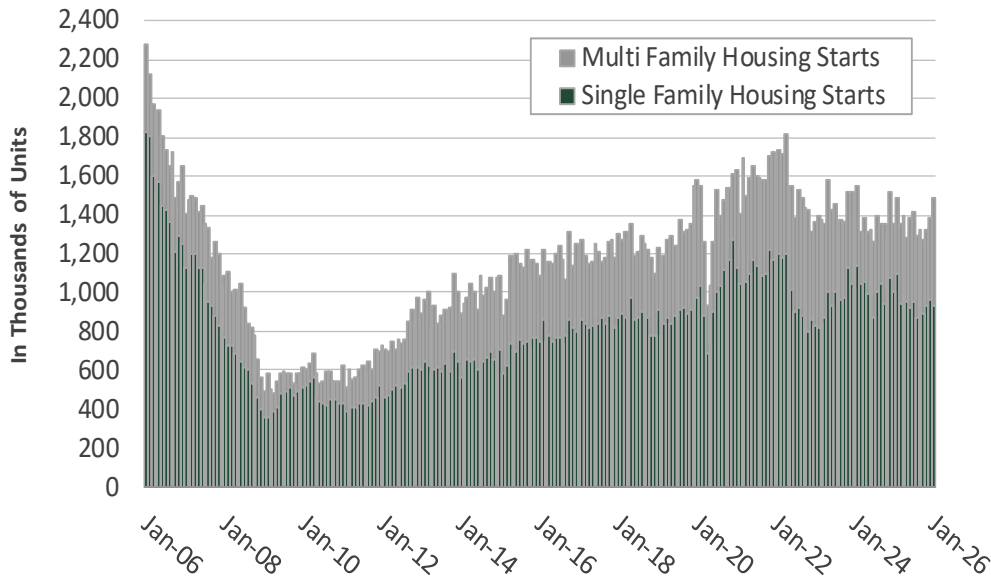
Chicago Fed National Activity Index (CFNAI)



Source: Federal Reserve Bank of Chicago

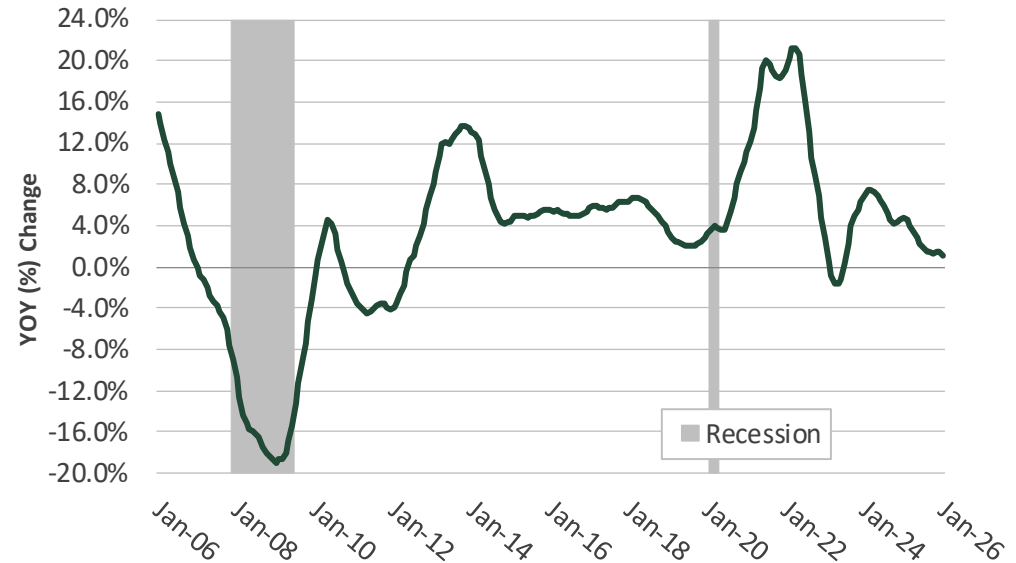
The Chicago Fed National Activity Index (CFNAI) fell to -0.11 in February, following a positive revision to 0.20 in January. The index's three-month moving average edged up to -0.01 from -0.02 the prior month. Production and employment related indicators turned negative in February, while sales, orders, and inventories also remained in negative territory. The personal consumption and housing categories slipped modestly but stayed in positive territory. The Conference Board's Leading Economic Index (LEI) declined 0.1% in January, an improvement from -0.2% in December, with consumer expectations and building permits the largest drags on the index. On a year-over-year basis, the LEI fell 3.8%, continuing to signal slower economic growth heading into 2026. Notably, the latest LEI data do not yet reflect the impact of the war in Iran.

Annualized Housing Starts



Source: US Department of Commerce

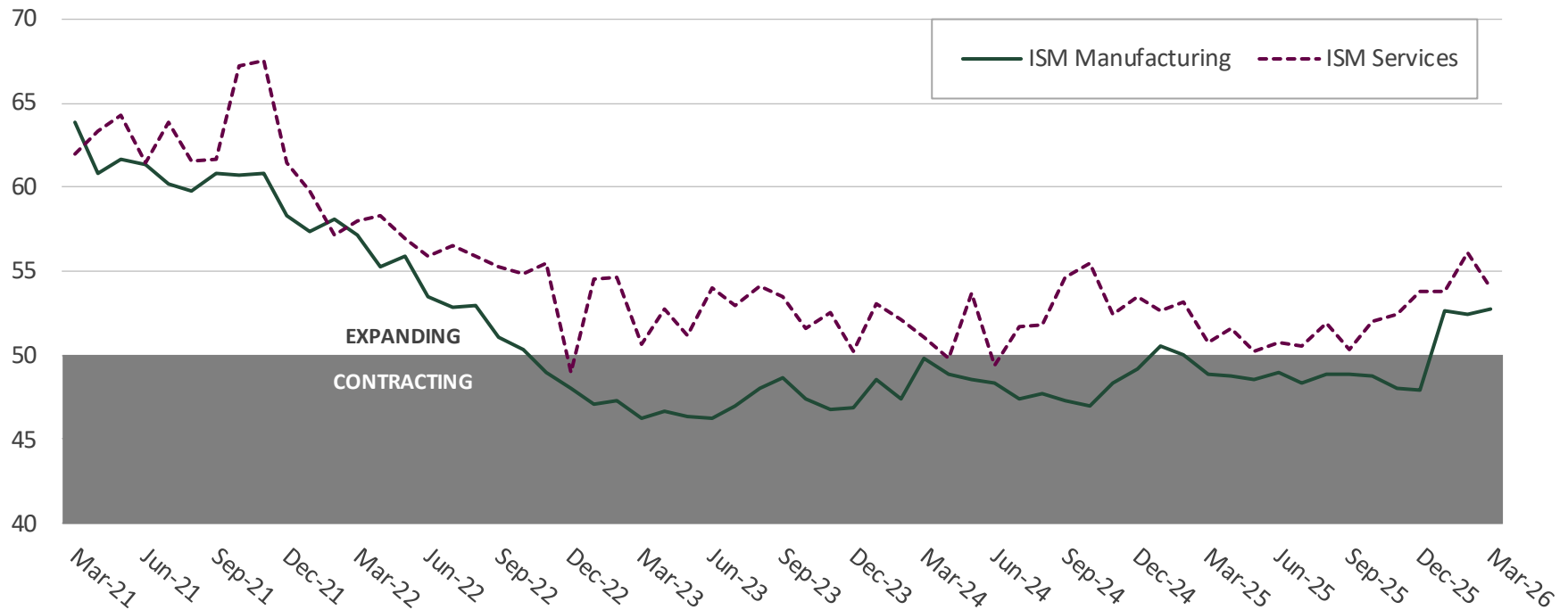
S&P/Case-Shiller 20 City Composite Home Price Index



Source: S&P

Housing starts rose 7.2% in January to an annualized pace of 1.487 million units, including 935,000 single-family and 552,000 multifamily starts. The January S&P Cotality Case-Shiller 20-City Composite posted a 1.18% year-over-year gain, continuing deceleration from December’s revised 1.43% annual increase. Inflation again outpaced home price appreciation, extending the erosion of real housing returns that began in the second half of 2025. The Freddie Mac 30-year fixed mortgage rate climbed to 6.46% as of April 2, its fifth consecutive weekly rise, reversing progress made when rates dipped below 6% in February. Higher borrowing costs and elevated prices continue to constrain affordability.

Institute of Supply Management (ISM) Surveys



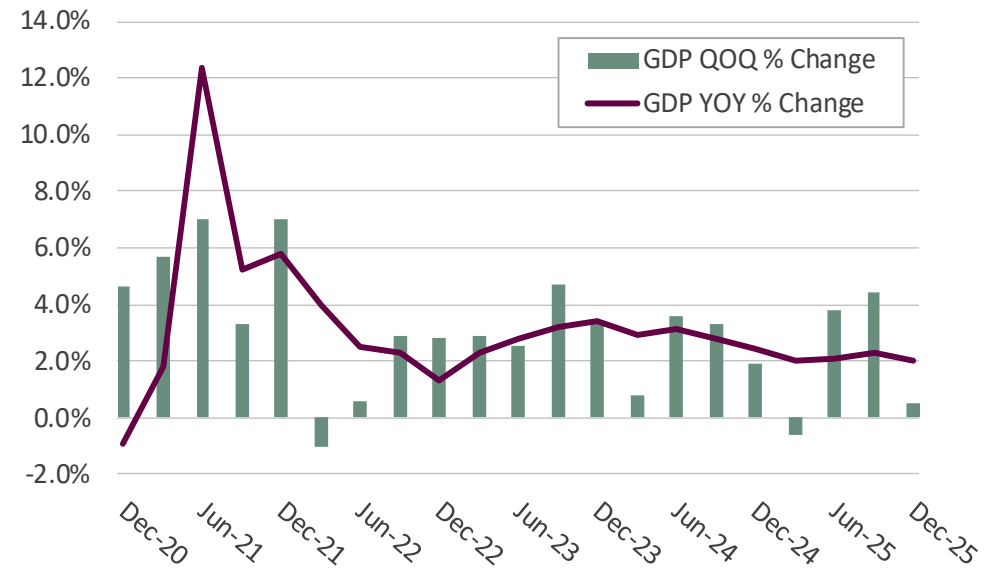
Source: Institute for Supply Management

The Institute for Supply Management’s Manufacturing Index rose to 52.7 in March from 52.4, the fastest factory expansion since August 2022 and a third consecutive month above 50. Production accelerated to 55.1 from 53.5, though new orders decelerated to 53.5 from 55.8. The prices subindex leaped to 78.3 from 70.5, reflecting elevated energy costs, metals tariffs, and Iran-related supply disruptions. Employment remained in contraction at 48.7. The Services Index eased to 54.0 in March from 56.1 in February but still posted its 21st consecutive month of expansion. The expansion was mainly from an increase in prices, amid higher oil and fuel costs. With both measures above the 50 threshold, ISM data point toward a resilient if cost-pressured economy.

Components of GDP	3/25	6/25	9/25	12/25
Personal Consumption Expenditures	0.4%	1.7%	2.3%	1.3%
Gross Private Domestic Investment	3.8%	-2.7%	0.0%	0.4%
Net Exports and Imports	-4.7%	4.8%	1.6%	-0.2%
Federal Government Expenditures	-0.4%	-0.4%	0.2%	-1.2%
State and Local (Consumption and Gross Investment)	0.2%	0.3%	0.2%	0.2%
Total	-0.6%	3.8%	4.4%	0.5%

Source: US Department of Commerce

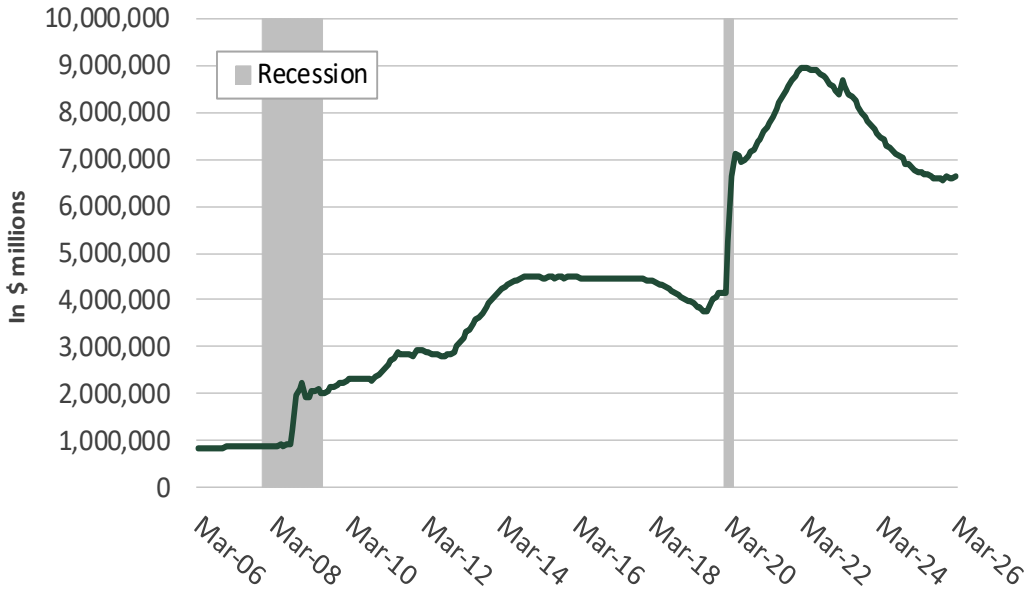
Gross Domestic Product (GDP)



Source: US Department of Commerce

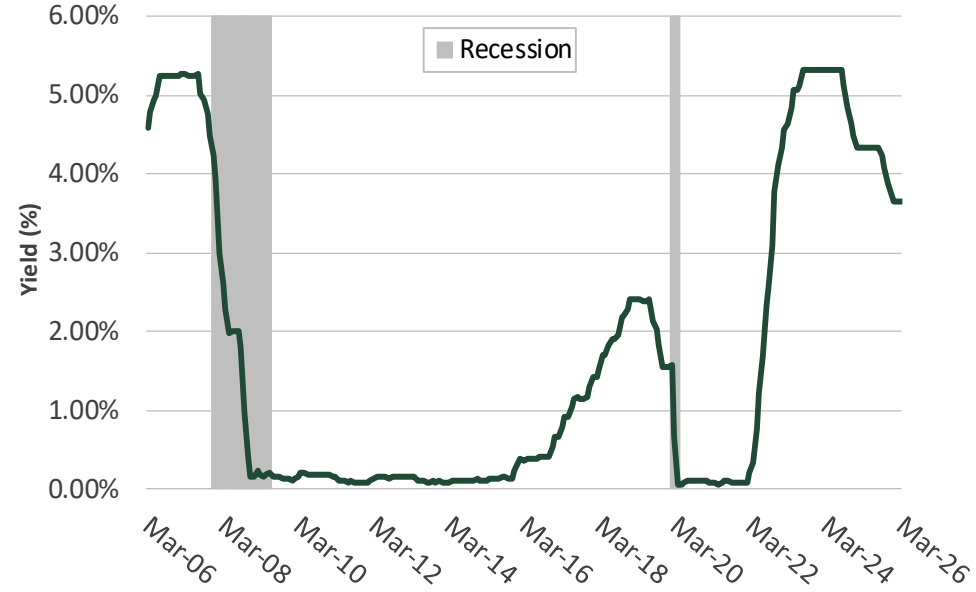
The third and final estimate of real gross domestic product (GDP) showed fourth-quarter growth revised down to 0.5% from the initial 1.4% estimate. The slowdown from 4.4% in the third quarter primarily reflected a sharp pullback in government spending, as the federal government shutdown weighed on activity. The Bureau of Labor Statistics expects statistical distortions will persist into the spring due to data collection disruptions. Personal Consumption Expenditures also declined across both goods and services.

Federal Reserve Balance Sheet Assets



Source: Federal Reserve

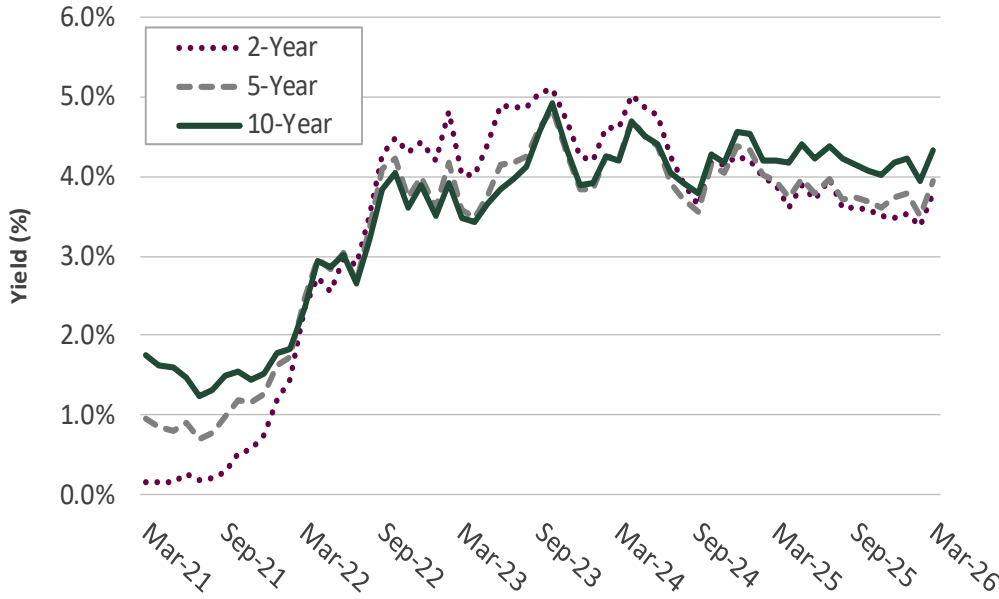
Effective Federal Funds Rate



Source: Bloomberg

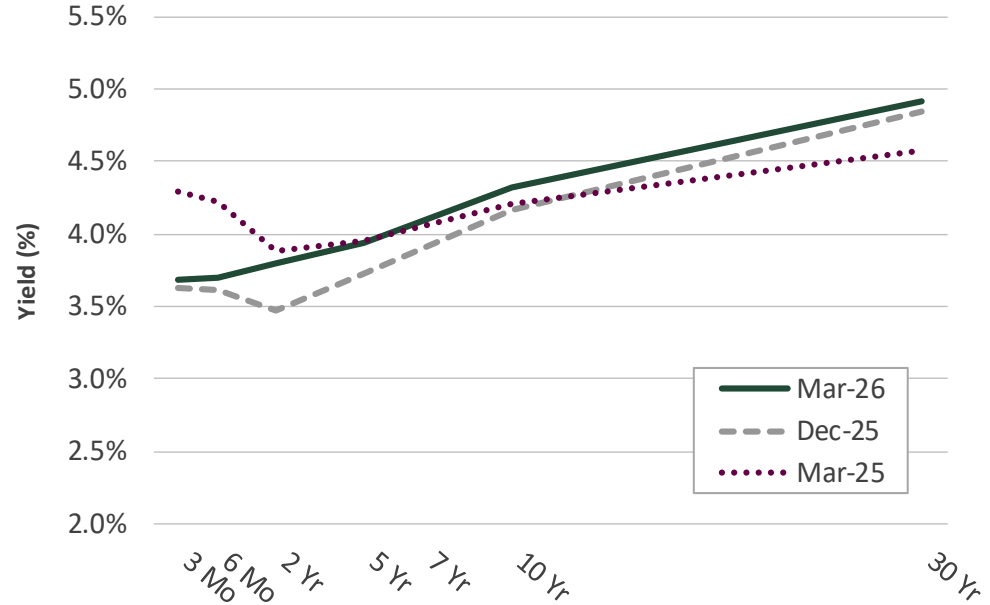
The Federal Reserve left its benchmark interest rate unchanged in March, keeping the target range at 3.50% to 3.75% following three late-2025 rate cuts that were justified by signs of softening in the labor market. The Federal Open Market Committee minutes showed some participants supported two-sided language on future rate direction given the upside risks to inflation and downside risks to employment being elevated. However, policymakers have grown wary of potential inflationary pressures stemming from tariffs, the war in Iran, and the ensuing spike in commodity prices. The Federal Reserve now projects just one rate cut in 2026, even as inflation expectations rise. The Committee also reaffirmed its December decision to halt balance sheet runoff and to reinvest principal and interest payments from its securities holdings, signaling a continued emphasis on maintaining ample reserves and supporting orderly market functioning.

US Treasury Note Yields



Source: Bloomberg

US Treasury Yield Curve



Source: Bloomberg

At March month-end, the 2-year Treasury yield stood at 3.79%, down approximately 9 basis points from one year ago, while the 10-year finished at 4.32%, roughly 11 basis points higher year-over-year. The spread between the two narrowed to 52 basis points, wider by 20 basis points year-over-year. The prior 2-year to 10-year inversion from July 2022 through August 2024 was historically long. The average spread since 2005 is approximately 95 basis points, suggesting the current slope sits well below its long-run norm. The 3-month to 10-year spread stood near 64 basis points at March month-end.

ACCOUNT PROFILE

Investment Objectives

The City of Cupertino's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed incomes securities consistent with the investment policy and California Government Code.

STATEMENT OF COMPLIANCE



City of Cupertino | Account #10659 | As of March 31, 2026

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES				
Max % (MV)	100.0	11.4	Compliant	
Max % Issuer (MV; Agencies & Agency CMOs)	25.0	11.4	Compliant	
Max Maturity (Years)	5.0	4.8	Compliant	
ASSET-BACKED SECURITIES (ABS)				
Max % (MV; Non Agency ABS & MBS)	20.0	7.4	Compliant	
Max % Issuer (MV)	5.0	0.8	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
CERTIFICATE OF DEPOSIT PLACEMENT SERVICE (CDARS)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV; FDIC & Collateralized CD/TD)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COMMERCIAL PAPER				
Max % (MV)	25.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				

STATEMENT OF COMPLIANCE



City of Cupertino | Account #10659 | As of March 31, 2026

Rules Name	Limit	Actual	Compliance Status	Notes
Max % (MV)	30.0	28.6	Compliant	
Max % Issuer (MV)	5.0	1.3	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV; FDIC & Collateralized CD/TD)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
FEDERAL AGENCIES				
Max % (MV)	100.0	3.5	Compliant	
Max % Issuer (MV; Agencies & Agency CMOs)	25.0	11.4	Compliant	
Max Callables (MV)	20.0	0.0	Compliant	
Max Maturity (Years)	5	1	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max Concentration (MV)	75.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	0.5	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
MORTGAGE-BACKED SECURITIES (NON-AGENCY)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Max % (MV)	30.0	0.9	Compliant	
Max % Issuer (MV)	5.0	0.9	Compliant	
Max Maturity (Years)	5	3	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				

STATEMENT OF COMPLIANCE



City of Cupertino | Account #10659 | As of March 31, 2026

Rules Name	Limit	Actual	Compliance Status	Notes
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1 if > FDIC Limit)	0.0	0.0	Compliant	
REPURCHASE AGREEMENTS				
Max % (MV)	10.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	1.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	30.0	2.9	Compliant	
Max % Issuer (MV)	10.0	1.7	Compliant	
Max Maturity (Years)	5	3	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	44.8	Compliant	
Max Maturity (Years)	5	4	Compliant	

PORTFOLIO SUMMARY



City of Cupertino | Account #10659 | As of March 31, 2026

Portfolio Characteristics

Average Modified Duration	2.56
Average Coupon	3.74%
Average Purchase YTM	4.01%
Average Market YTM	4.04%
Average Credit Quality*	AA+
Average Final Maturity	2.96
Average Life	2.81

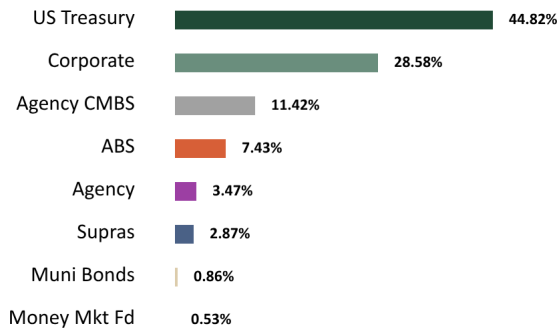
Account Summary

	End Values as of 12/31/2025	End Values as of 03/31/2026
Market Value	205,668,734.88	206,386,615.39
Accrued Interest	1,621,951.12	1,408,186.33
Total Market Value	207,290,686.00	207,794,801.72
Income Earned	1,975,161.43	2,049,095.66
Cont/WD	0.00	0.00
Par	205,673,731.74	207,849,407.81
Book Value	204,078,590.52	206,277,628.74
Cost Value	203,529,920.42	205,686,359.19

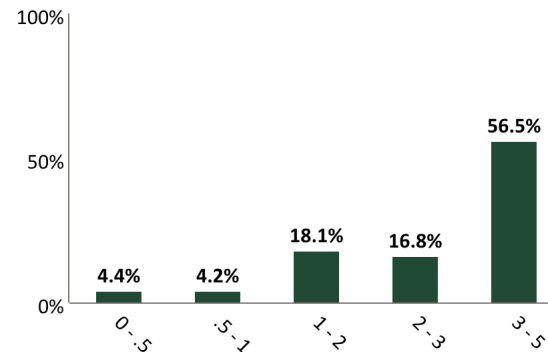
Top Issuers

United States	44.82%
Federal Home Loan Mortgage Corp	11.42%
Farm Credit System	2.55%
International Bank for Recon and Dev	1.68%
Morgan Stanley	1.65%
Guardian Life Global Funding	1.30%
The Home Depot, Inc.	1.27%
Toyota Motor Corporation	1.23%

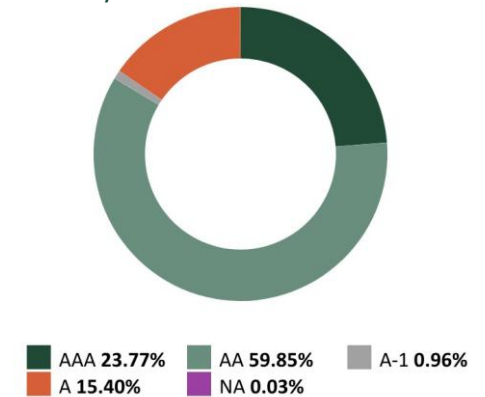
Sector Allocation



Maturity Distribution



Credit Quality*



Performance Review

Total Rate of Return**	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	Since Inception (02/01/19)
City of Cupertino	(0.79%)	0.26%	0.26%	4.24%	4.96%	4.46%	1.85%	--	2.35%
Benchmark Return	(0.75%)	0.20%	0.20%	3.87%	4.48%	3.97%	1.51%	--	2.10%

*The average credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

**Periods over 1 year are annualized.

Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

PORTFOLIO CHARACTERISTICS



City of Cupertino | Account #10659 | As of March 31, 2026

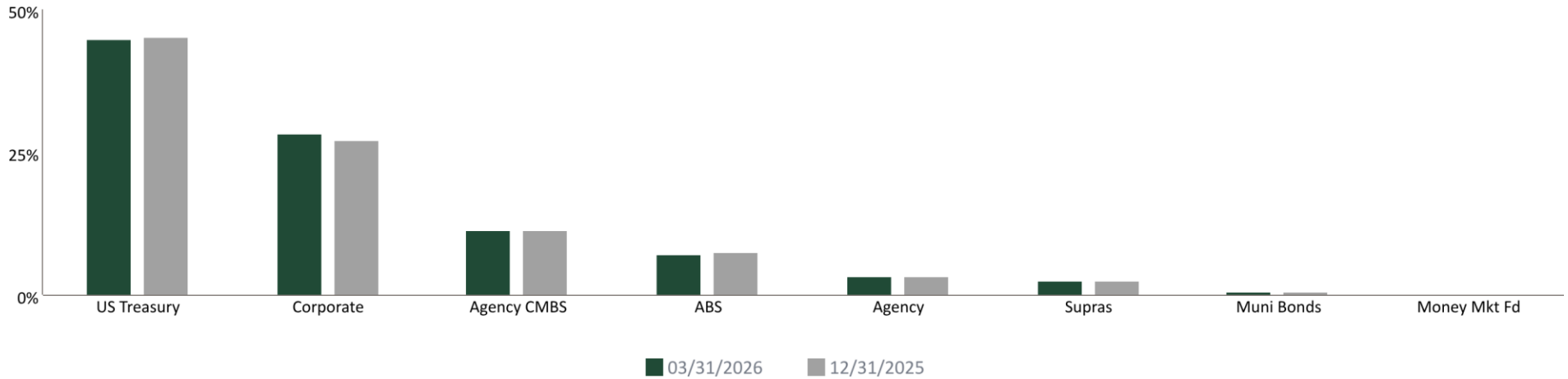
	Benchmark*	3/31/2026 Portfolio	12/31/2025 Portfolio
Average Maturity (yrs)	2.65	2.96	3.05
Average Modified Duration	2.47	2.56	2.63
Average Purchase Yield		4.01%	3.95%
Average Market Yield	3.84%	4.04%	3.78%
Average Quality**	AA+	AA+	AA
Total Market Value		207,794,802	207,290,686

*Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

City of Cupertino | Account #10659 | As of March 31, 2026

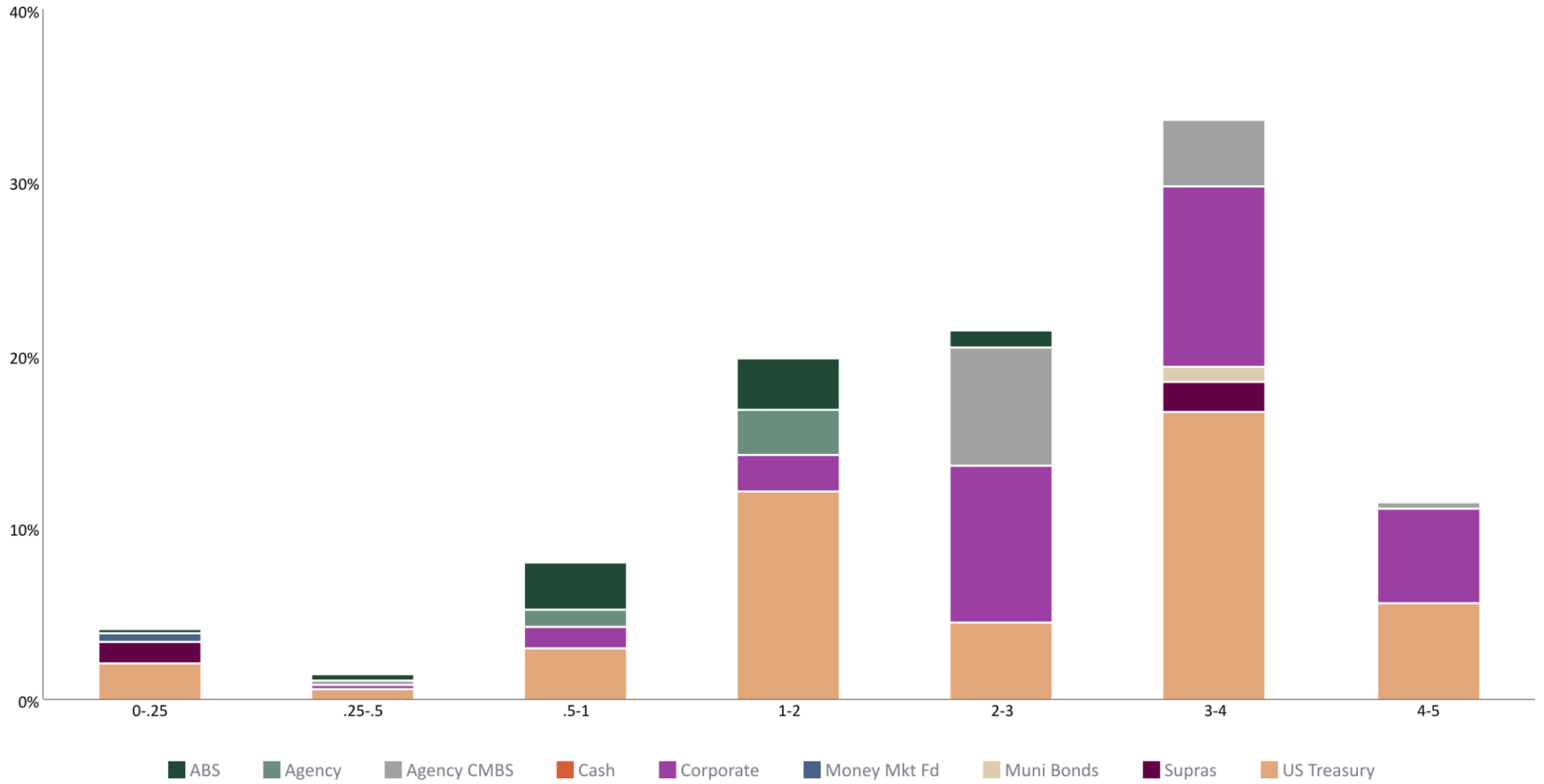


Sector as a Percentage of Market Value

Sector	03/31/2026	12/31/2025
US Treasury	44.82%	45.52%
Corporate	28.58%	27.48%
Agency CMBS	11.42%	11.56%
ABS	7.43%	7.60%
Agency	3.47%	3.50%
Supras	2.87%	2.88%
Muni Bonds	0.86%	0.87%
Money Mkt Fd	0.53%	0.57%

DURATION ALLOCATION

City of Cupertino | Account #10659 | As of March 31, 2026



	0-25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
03/31/2026	4.1%	1.4%	8.0%	19.8%	21.4%	33.7%	11.5%	0.0%	0.0%

ISSUERS

City of Cupertino | Account #10659 | As of March 31, 2026

Issuer	Investment Type	% Portfolio
United States	US Treasury	44.82%
Federal Home Loan Mortgage Corp	Agency CMBS	11.42%
Farm Credit System	Agency	2.55%
International Bank for Recon and Dev	Supras	1.68%
Morgan Stanley	Corporate	1.65%
Guardian Life Global Funding	Corporate	1.30%
The Home Depot, Inc.	Corporate	1.27%
Toyota Motor Corporation	Corporate	1.23%
Inter-American Development Bank	Supras	1.19%
Meta Platforms, Inc.	Corporate	1.16%
New York Life Insurance Company	Corporate	1.16%
Deere & Company	Corporate	0.99%
Royal Bank of Canada	Corporate	0.99%
Northwestern Mutual Global Funding	Corporate	0.97%
UnitedHealth Group Incorporated	Corporate	0.92%
Federal Home Loan Banks	Agency	0.92%
PACCAR Inc	Corporate	0.90%
Simon Property Group, Inc.	Corporate	0.90%
State of California	Muni Bonds	0.86%
Chubb Limited	Corporate	0.86%
American Honda Finance Corporation	Corporate	0.84%
Pricoa Global Funding I	Corporate	0.84%
Chase Issuance Trust	ABS	0.82%
Bank of America Credit Card Trust	ABS	0.80%
Mercedes-Benz Auto Lease Trust	ABS	0.78%
Berkshire Hathaway Inc.	Corporate	0.77%
PepsiCo, Inc.	Corporate	0.73%
Citigroup Inc	ABS	0.73%
Prologis, Inc.	Corporate	0.73%
Bank of America Corporation	Corporate	0.72%

ISSUERS

City of Cupertino | Account #10659 | As of March 31, 2026

Issuer	Investment Type	% Portfolio
The Progressive Corporation	Corporate	0.72%
JPMorgan Chase & Co.	Corporate	0.72%
Alphabet Inc.	Corporate	0.72%
Realty Income Corporation	Corporate	0.70%
American Express Credit Master Trust	ABS	0.69%
Marsh & McLennan Companies, Inc.	Corporate	0.68%
WF Card Issuance Trust	ABS	0.66%
Salesforce, Inc.	Corporate	0.66%
Visa Inc.	Corporate	0.65%
Met Tower Global Funding	Corporate	0.63%
Caterpillar Inc.	Corporate	0.59%
Wells Fargo & Company	Money Mkt Fd	0.53%
Cargill, Incorporated	Corporate	0.53%
BMW Vehicle Lease Trust	ABS	0.51%
National Rural Utilities Cooperative	Corporate	0.49%
The Goldman Sachs Group, Inc.	Corporate	0.49%
Hyundai Auto Lease Sec Trust	ABS	0.49%
Massachusetts Mutual Life Insurance	Corporate	0.48%
Pacific Mutual Holding Company	Corporate	0.48%
Mastercard Incorporated	Corporate	0.46%
The Charles Schwab Corporation	Corporate	0.46%
Honda Auto Receivables Owner Trust	ABS	0.42%
GM Financial Securitized Term	ABS	0.42%
Toyota Auto Receivables Owner Trust	ABS	0.30%
Mercedes-Benz Auto Receivables Trust	ABS	0.28%
BMW Vehicle Owner Trust	ABS	0.27%
John Deere Owner Trust	ABS	0.25%
Walmart Inc.	Corporate	0.17%
WC MMF Sweep	Cash	0.03%
Cash	Cash	0.00%

ISSUERS



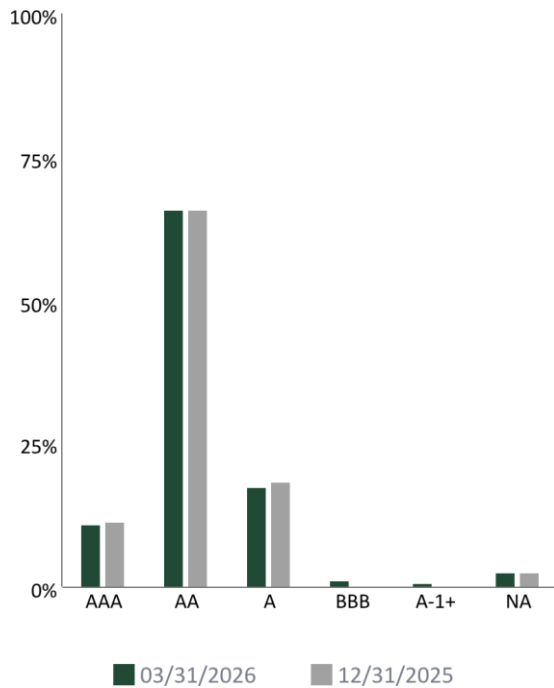
City of Cupertino | Account #10659 | As of March 31, 2026

Issuer	Investment Type	% Portfolio
TOTAL		100.00%

QUALITY DISTRIBUTION

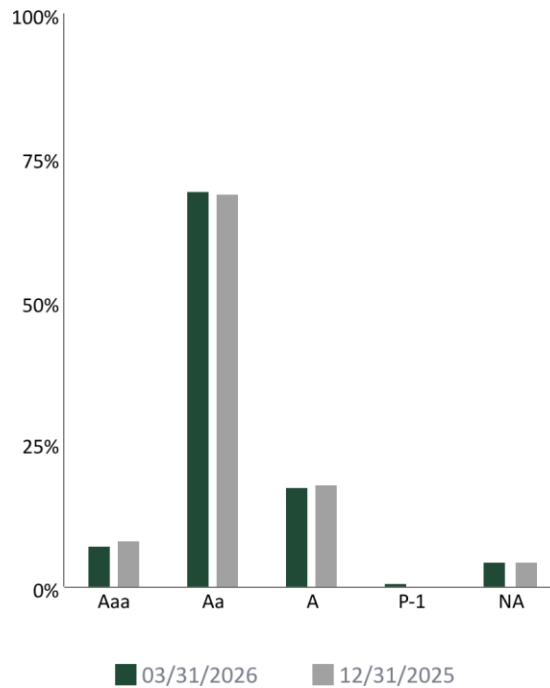
City of Cupertino | Account #10659 | As of March 31, 2026

S&P Rating



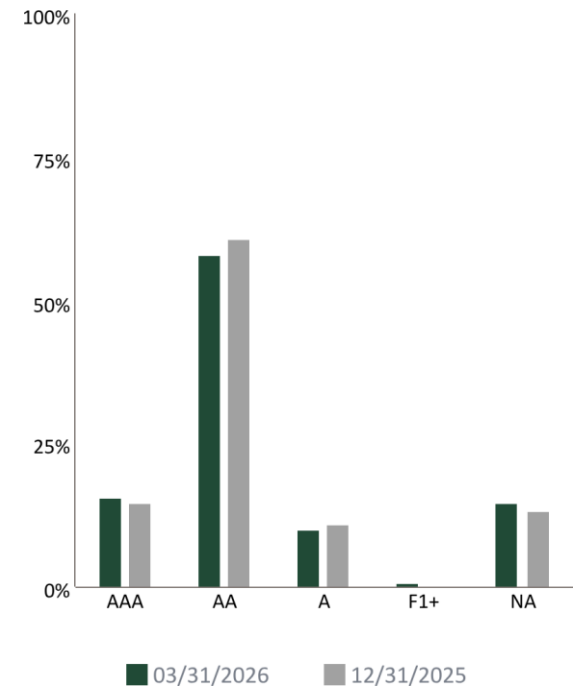
Rating	03/31/2026	12/31/2025
AAA	11.34%	11.52%
AA	65.98%	66.23%
A	17.45%	18.76%
BBB	1.34%	0.50%
A-1+	0.95%	--
NA	2.94%	3.00%

Moody's Rating



Rating	03/31/2026	12/31/2025
Aaa	7.57%	8.21%
Aa	69.14%	68.96%
A	17.86%	18.32%
P-1	0.95%	--
NA	4.47%	4.51%

Fitch Rating

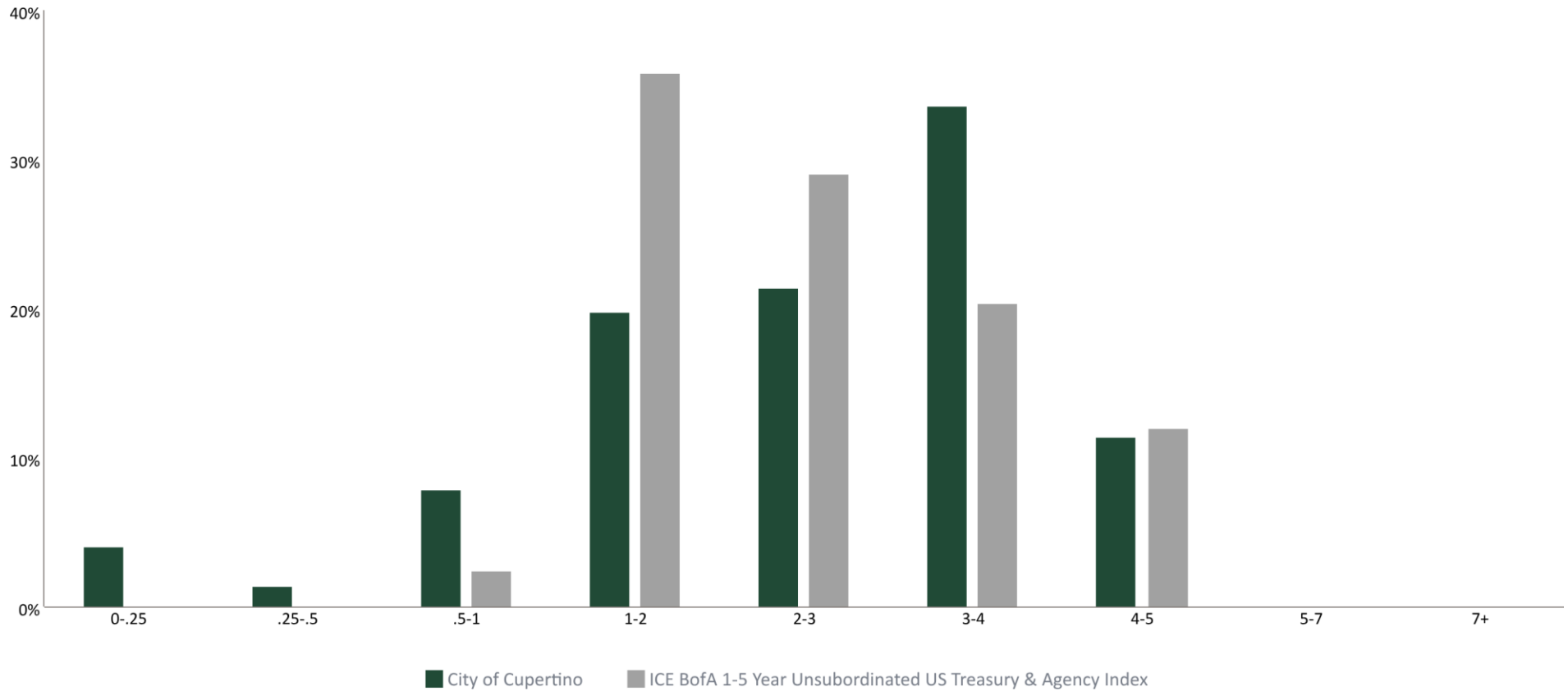


Rating	03/31/2026	12/31/2025
AAA	15.60%	14.80%
AA	58.14%	60.71%
A	10.20%	11.16%
F1+	0.95%	--
NA	15.11%	13.33%

DURATION DISTRIBUTION

City of Cupertino | Account #10659 | As of March 31, 2026

Portfolio Compared to the Benchmark



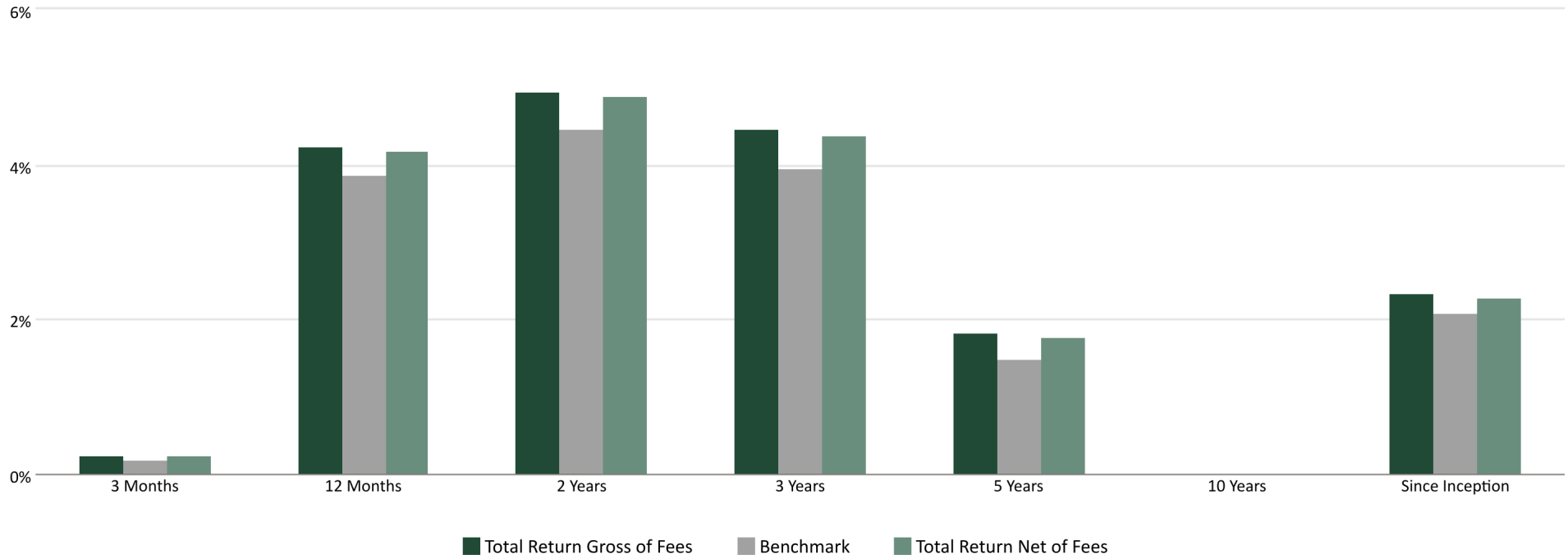
	0-0.25	0.25-0.5	0.5-1	1-2	2-3	3-4	4-5	5-7	7+
Portfolio	4.1%	1.4%	8.0%	19.8%	21.4%	33.7%	11.5%	0.0%	0.0%
ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index	0.0%	0.0%	2.5%	35.8%	29.1%	20.5%	12.1%	0.0%	0.0%

INVESTMENT PERFORMANCE



City of Cupertino | Account #10659 | As of March 31, 2026

Total and Realized Rate of Return : Inception | 02/01/2019



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN*							
City of Cupertino Gross of Fees	0.26%	4.24%	4.96%	4.46%	1.85%		2.35%
City of Cupertino Net of Fees	0.25%	4.18%	4.88%	4.40%	1.78%		2.28%
Benchmark	0.20%	3.87%	4.48%	3.97%	1.51%		2.10%
REALIZED RATE OF RETURN							
City of Cupertino	0.99%	3.79%	3.25%				

*Periods over 1 year are annualized.

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio. Realized rate of return: A measure of a portfolio's return over time. It is the internal rate which equates the beginning book value of the portfolio with the ending book value; it includes interest earnings, realized gains and losses in the portfolio.

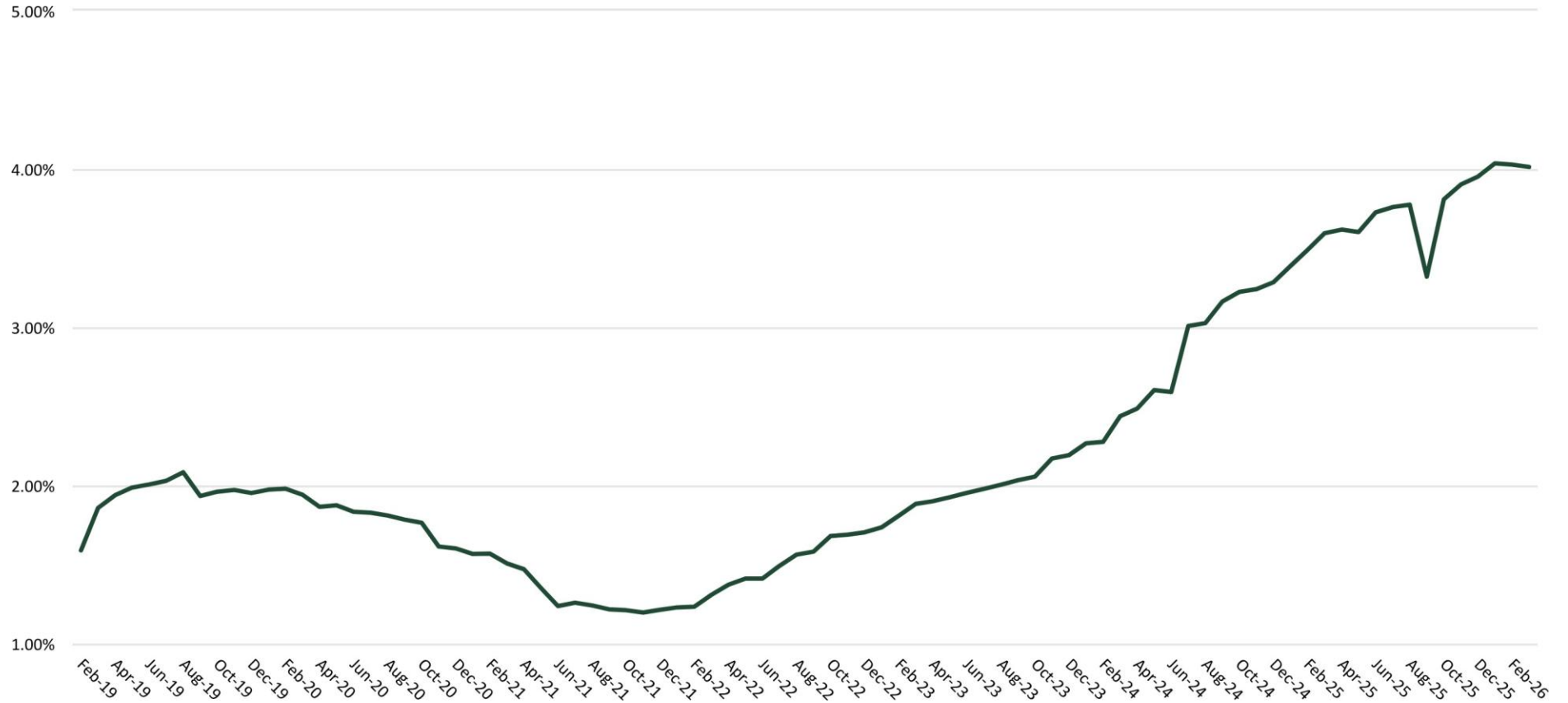
Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

HISTORICAL AVERAGE PURCHASE YIELD



City of Cupertino | Account #10659 | As of March 31, 2026

Purchase Yield as of 03/31/26 = 4.01%



PORTFOLIO CHARACTERISTICS



City of Cupertino Reporting | Account #10663 | As of March 31, 2026

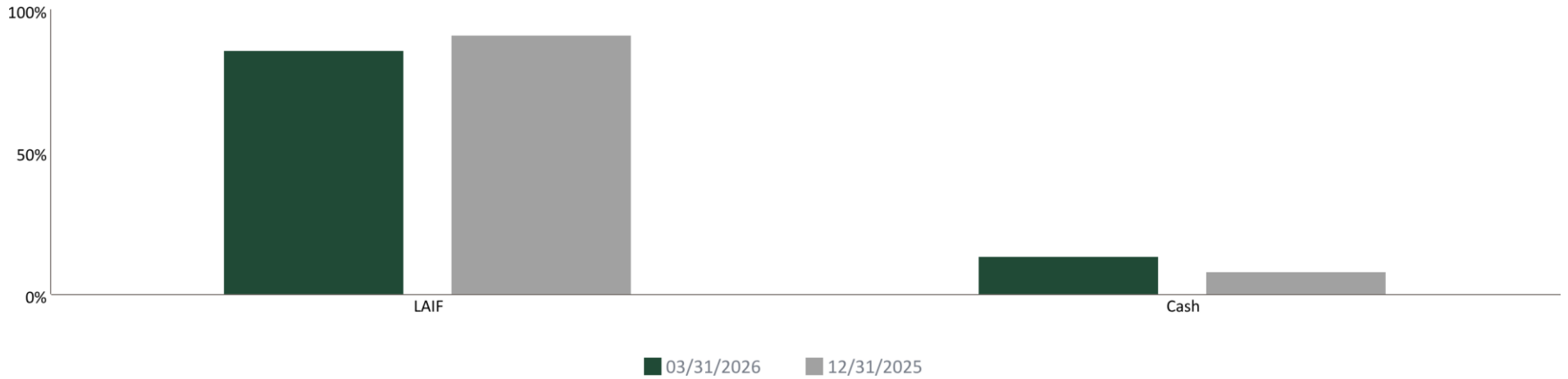
	3/31/2026 Portfolio	12/31/2025 Portfolio
Average Maturity (yrs)	0.00	0.00
Average Modified Duration	0.00	0.00
Average Purchase Yield	3.29%	3.63%
Average Market Yield	3.29%	3.63%
Average Quality**	AAA	AAA
Total Market Value	86,638,115	81,009,098

*Benchmark: NO BENCHMARK REQUIRED

**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

City of Cupertino Reporting | Account #10663 | As of March 31, 2026



Sector as a Percentage of Market Value

Sector	03/31/2026	12/31/2025
LAIF	86.10%	91.23%
Cash	13.90%	8.77%

CONSOLIDATED INFORMATION

PORTFOLIO CHARACTERISTICS



City of Cupertino Cons | Account #10664 | As of March 31, 2026

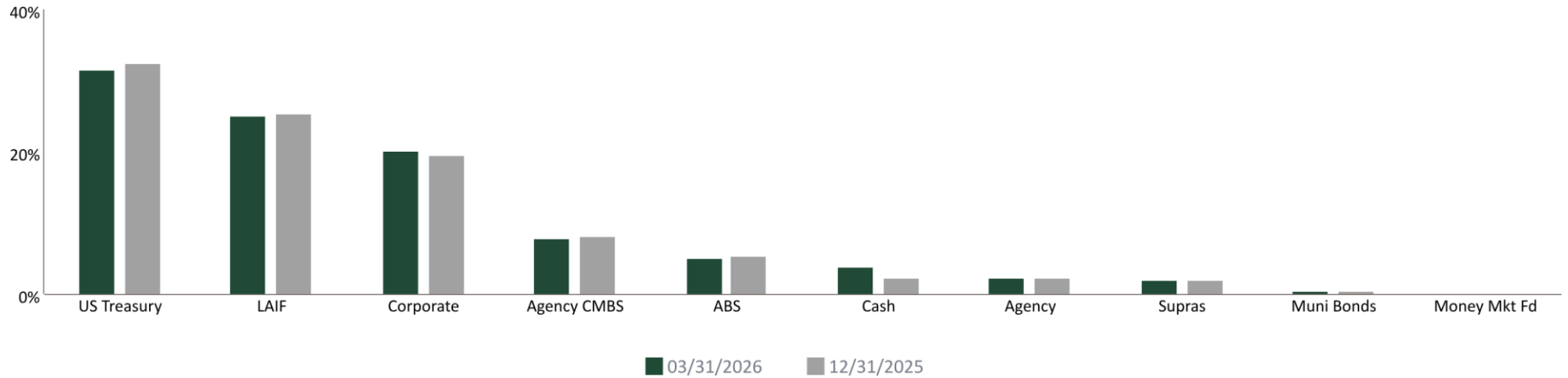
	3/31/2026 Portfolio	12/31/2025 Portfolio
Average Maturity (yrs)	2.09	2.19
Average Modified Duration	1.81	1.89
Average Purchase Yield	3.80%	3.86%
Average Market Yield	3.82%	3.74%
Average Quality**	AA+	AA+
Total Market Value	294,432,916	288,299,784

*Benchmark: NO BENCHMARK REQUIRED

**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

City of Cupertino Cons | Account #10664 | As of March 31, 2026



Sector as a Percentage of Market Value

Sector	03/31/2026	12/31/2025
US Treasury	31.64%	32.74%
LAIF	25.31%	25.62%
Corporate	20.18%	19.77%
Agency CMBS	8.07%	8.31%
ABS	5.25%	5.47%
Cash	4.11%	2.48%
Agency	2.45%	2.52%
Supras	2.03%	2.07%
Muni Bonds	0.61%	0.62%
Money Mkt Fd	0.37%	0.41%

PORTFOLIO HOLDINGS

HOLDINGS REPORT



City of Cupertino | Account #10659 | As of March 31, 2026

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
ABS									
47800AAC4	JDOT 2022-B A3 3.74 02/16/2027	390.25	07/12/2022 3.77%	390.21 390.24	99.98 4.24%	390.18 0.65	0.00% (0.06)	Aaa/NA AAA	0.88 0.04
44934FAD7	HALST 2024-B A3 5.41 05/17/2027	376,474.40	05/14/2024 5.41%	376,463.93 376,470.45	100.23 4.08%	377,335.02 905.21	0.18% 864.57	NA/AAA AAA	1.13 0.16
47800BAC2	JDOT 2022-C A3 5.09 06/15/2027	111,819.13	10/12/2022 5.15%	111,810.46 111,816.92	100.09 4.39%	111,921.56 252.96	0.05% 104.64	Aaa/NA AAA	1.21 0.09
89231FAD2	TAOT 2023-C A3 5.16 04/17/2028	617,017.19	11/21/2023 5.65%	614,510.55 615,851.27	100.45 4.18%	619,815.36 1,415.03	0.30% 3,964.08	NA/AAA AAA	2.05 0.44
438123AC5	HAROT 2023-4 A3 5.67 06/21/2028	445,778.69	-- 5.64%	446,882.15 446,199.72	100.87 4.23%	449,652.95 702.10	0.22% 3,453.23	Aaa/NA AAA	2.22 0.55
05594HAD5	BMWLT 2025-2 A3 3.97 09/25/2028	1,050,000.00	10/08/2025 4.32%	1,049,997.06 1,049,997.52	99.87 4.11%	1,048,582.50 694.75	0.51% (1,415.02)	NA/AAA AAA	2.49 1.26
58769FAC9	MBART 2023-2 A3 5.95 11/15/2028	576,097.06	11/29/2023 3.88%	588,294.11 581,136.67	101.02 4.08%	581,988.22 1,523.46	0.28% 851.56	NA/AAA AAA	2.63 0.52
47800RAD5	JDOT 2024 A3 4.96 11/15/2028	407,838.61	03/25/2024 5.13%	407,647.44 407,730.38	100.58 4.15%	410,217.12 899.06	0.20% 2,486.74	Aaa/NA AAA	2.63 0.67
05522RDH8	BACCT 2023-2 A 4.98 11/16/2026	850,000.00	01/24/2024 4.58%	858,798.83 851,965.66	100.64 3.98%	855,409.40 1,881.33	0.41% 3,443.74	Aaa/NA AAA	0.63 0.60
437930AC4	HAROT 2024-2 A3 5.27 11/20/2028	422,775.05	05/14/2024 5.27%	422,723.68 422,744.93	100.76 4.16%	425,998.71 804.56	0.21% 3,253.78	NA/AAA AAA	2.64 0.65
448970AD5	HALST 2026-A A3 3.97 12/15/2028	635,000.00	01/12/2026 3.98%	634,906.91 634,913.06	99.64 4.21%	632,726.70 1,120.42	0.31% (2,186.36)	NA/AAA AAA	2.71 1.76
36268GAD7	GMCAR 2024-1 A3 4.85 12/18/2028	862,195.35	-- 4.97%	860,828.12 861,395.78	100.39 4.25%	865,537.22 1,742.35	0.42% 4,141.44	Aaa/NA AAA	2.72 0.59
161571HV9	CHAIT 241 A 4.6 01/16/2029	1,690,000.00	01/24/2024 4.61%	1,689,742.61 1,689,854.97	100.45 4.05%	1,697,657.39 3,455.11	0.82% 7,802.42	NA/AAA AAA	2.80 0.76
096919AD7	BMWOT 2024-A A3 5.18 02/26/2029	552,424.53	06/04/2024 5.18%	552,340.62 552,372.75	100.66 4.30%	556,063.90 476.93	0.27% 3,691.15	Aaa/AAA NA	2.91 0.70
58770XAD5	MBALT 2025-B A3 3.88 04/16/2029	1,045,000.00	10/16/2025 4.57%	1,044,828.52 1,044,850.23	99.46 4.24%	1,039,346.55 1,802.04	0.50% (5,503.68)	NA/AAA AAA	3.04 1.64
05522RDJ4	BACCT 2024-1 A 4.93 05/15/2029	785,000.00	06/06/2024 4.93%	784,955.96 784,972.16	101.03 4.02%	793,120.04 1,720.02	0.38% 8,147.88	Aaa/AAA NA	3.12 1.07

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Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
58770YAD3	MBALT 2026-A A3 3.93 01/15/2030	570,000.00	01/13/2026 3.97%	569,886.97 569,892.41	99.43 4.24%	566,739.03 995.60	0.27% (3,153.38)	Aaa/NA AAA	3.79 2.04
02582JKP4	AMXCA 2025-2 A 4.28 04/15/2030	1,420,000.00	05/06/2025 4.28%	1,419,974.30 1,419,978.92	100.35 4.14%	1,424,916.04 2,701.16	0.69% 4,937.12	NA/AAA AAA	4.04 1.91
92970QAJ4	WFCIT 2025-1 A 4.34 05/15/2030	1,365,000.00	06/03/2025 4.33%	1,364,977.34 1,364,981.05	100.52 4.12%	1,372,089.81 2,632.93	0.66% 7,108.76	NA/AAA AAA	4.12 1.99
17305EHA6	CCCIT 2025-A1 A1 4.3 06/21/2030	1,500,000.00	10/09/2025 3.90%	1,515,000.00 1,512,365.48	100.30 4.16%	1,504,431.00 17,916.67	0.73% (7,934.48)	Aaa/AAA NA	4.22 2.08
Total ABS		15,282,810.24	4.57%	15,314,959.77 15,299,880.57	100.34 4.14%	15,333,938.70 43,642.34	7.43% 34,058.12		2.98 1.23

AGENCY									
3130B0TY5	FEDERAL HOME LOAN BANKS 4.75 04/09/2027	1,875,000.00	04/10/2024 4.85%	1,870,050.00 1,873,310.75	101.00 3.74%	1,893,748.13 42,552.08	0.92% 20,437.37	Aa1/AA+ AA+	1.02 0.97
3133ERDS7	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.75 05/06/2027	2,400,000.00	06/20/2024 4.55%	2,412,552.00 2,404,786.27	101.15 3.67%	2,427,561.60 45,916.67	1.18% 22,775.33	Aa1/AA+ AA+	1.10 1.04
3133EPC60	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.625 11/15/2027	2,800,000.00	11/09/2023 4.73%	2,789,612.00 2,795,783.65	101.27 3.80%	2,835,697.20 48,922.22	1.37% 39,913.55	Aa1/AA+ AA+	1.63 1.53
Total Agency		7,075,000.00	4.70%	7,072,214.00 7,073,880.68	101.16 3.74%	7,157,006.93 137,390.97	3.47% 83,126.25		1.29 1.22

AGENCY CMBS									
3137BSP72	FHMS K-058 A2 2.653 08/25/2026	650,000.00	11/12/2021 1.36%	687,451.17 652,659.51	99.38 3.93%	645,979.10 1,437.04	0.31% (6,680.41)	Aa1/AA+ AAA	0.40 0.35
3137FKUP9	FHMS K-087 A2 3.771 12/25/2028	1,936,191.40	07/01/2024 4.86%	1,852,314.99 1,885,396.68	99.06 4.09%	1,918,022.18 6,084.48	0.93% 32,625.50	Aa1/AAA AA+	2.74 2.44
3137FL6P4	FHMS K-089 A2 3.563 01/25/2029	1,288,000.00	07/03/2024 4.70%	1,228,178.44 1,251,237.33	98.48 4.09%	1,268,400.50 3,824.29	0.61% 17,163.17	Aa1/AA+ AA+	2.82 2.60
3137H5YC5	FHMS K-748 A2 2.26 01/25/2029	2,000,000.00	07/03/2024 4.74%	1,801,718.75 1,878,148.48	95.16 4.12%	1,903,114.00 3,766.67	0.92% 24,965.52	Aa1/AA+ AAA	2.82 2.59
3137FKZZ2	FHMS K-088 A2 3.69 01/25/2029	2,550,000.00	07/17/2024 4.50%	2,465,830.08 2,497,860.26	98.82 4.09%	2,519,841.15 7,841.25	1.22% 21,980.89	Aaa/AA+ AA+	2.82 2.56

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3137FLN91	FHMS K-091 A2 3.505 03/25/2029	2,500,000.00	03/20/2025 4.25%	2,431,738.28 2,449,409.37	98.28 4.09%	2,457,012.50 7,302.08	1.19% 7,603.13	Aa1/AAA AA+	2.98 2.68
3137FMCR1	FHMS K-093 A2 2.982 05/25/2029	1,964,709.50	09/19/2024 3.82%	1,895,484.19 1,918,312.06	96.84 4.09%	1,902,534.30 4,882.30	0.92% (15,777.76)	Aa1/AA+ AAA	3.15 2.76
3137FNAEO	FHMS K-095 A2 2.785 06/25/2029	2,200,000.00	07/17/2024 4.47%	2,039,382.82 2,095,540.15	96.08 4.10%	2,113,696.20 5,105.83	1.02% 18,156.05	Aa1/AA+ AAA	3.24 2.93
3137FPHK4	FHMS K-098 A2 2.425 08/25/2029	1,600,000.00	09/03/2024 4.00%	1,488,375.00 1,524,045.11	94.75 4.11%	1,515,985.60 3,233.33	0.73% (8,059.51)	Aa1/AA+ AAA	3.40 3.11
3137FPJG1	FHMS K-099 A2 2.595 09/25/2029	1,500,000.00	06/05/2025 4.21%	1,407,011.72 1,424,778.26	95.15 4.12%	1,427,185.50 3,243.75	0.69% 2,407.24	Aa1/AA+ AAA	3.49 3.17
3137FRUT6	FHMS K-106 A2 2.069 01/25/2030	2,000,000.00	06/06/2025 4.37%	1,810,078.13 1,843,613.88	92.74 4.14%	1,854,792.00 3,448.33	0.90% 11,178.12	Aa1/AA+ AAA	3.82 3.56
3137FTZQ3	FHMS K-110 A2 1.477 04/25/2030	1,500,000.00	09/03/2025 3.96%	1,348,652.34 1,367,275.55	90.38 4.16%	1,355,634.00 1,846.25	0.66% (11,641.55)	Aa1/AA+ AAA	4.07 3.71
3137FWG79	FHMS K-115 A2 1.383 06/25/2030	2,000,000.00	12/10/2025 3.99%	1,787,343.75 1,801,311.96	89.32 4.18%	1,786,388.00 2,305.00	0.87% (14,923.96)	Aa1/AA+ AAA	4.24 3.98
3137FXZ35	FHMS K-127 A2 2.108 01/25/2031	1,000,000.00	02/03/2026 4.11%	910,937.50 913,624.30	90.82 4.24%	908,244.00 1,756.67	0.44% (5,380.30)	Aa1/AA+ AAA	4.82 4.45
Total Agency CMBS		24,688,900.90	4.24%	23,154,497.16 23,503,212.92	95.60 4.11%	23,576,829.04 56,077.28	11.42% 73,616.12		3.24 2.95
CASH									
992995944	WC MMF SWEEP	53,011.65	-- 1.80%	53,011.65 53,011.65	1.00 1.80%	53,011.65 0.00	0.03% 0.00	NA/NA NA	0.00 0.00
CCYUSD	Receivable	3,344.38	--	3,344.38 3,344.38	1.00	3,344.38 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		56,356.03	1.80%	56,356.03	1.00 1.80%	56,356.03 0.00	0.03% 0.00		0.00 0.00
CORPORATE									
931142ERO	WALMART INC 1.05 09/17/2026	350,000.00	09/08/2021 1.09%	349,338.50 349,938.78	98.68 3.96%	345,377.90 142.92	0.17% (4,560.88)	Aa2/AA AA	0.47 0.45

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808513BY0	CHARLES SCHWAB CORP 2.45 03/03/2027	960,000.00	03/01/2022 2.46%	959,729.90 959,946.18	98.46 4.17%	945,195.84 1,829.33	0.46% (14,750.34)	A2/A- A	0.92 0.90
084664CZ2	BERKSHIRE HATHAWAY FINANCE CORP 2.3 03/15/2027	1,615,000.00	03/07/2022 2.30%	1,614,693.15 1,614,941.52	98.45 3.97%	1,589,972.35 1,650.89	0.77% (24,969.18)	Aa2/AA A+	0.96 0.93
57636QAW4	MASTERCARD INC 4.875 03/09/2028	945,000.00	03/06/2023 4.90%	944,083.35 944,644.78	101.48 4.07%	959,010.57 2,815.31	0.46% 14,365.79	Aa3/A+ NA	1.94 1.76
79466LAQ7	SALESFORCE INC 4.5 03/15/2028	1,355,000.00	03/12/2026 4.37%	1,358,284.45 1,358,195.81	100.03 4.48%	1,355,349.59 3,048.75	0.66% (2,846.22)	A2/A+ NA	1.96 1.85
61690U8E3	MORGAN STANLEY BANK NA 4.968 07/14/2028	1,950,000.00	07/17/2024 4.97%	1,950,000.00 1,950,000.00	100.59 4.53%	1,961,565.45 20,720.70	0.95% 11,565.45	Aa3/A+ AA-	2.29 1.22
69371RU20	PACCAR FINANCIAL CORP 4.0 11/07/2028	1,865,000.00	11/05/2025 4.02%	1,863,955.60 1,864,093.77	99.64 4.14%	1,858,338.22 29,840.00	0.90% (5,755.55)	A1/A+ NA	2.61 2.41
58989V2M5	MET TOWER GLOBAL FUNDING 4.0 01/14/2029	1,310,000.00	01/07/2026 4.05%	1,308,310.10 1,308,428.82	98.95 4.40%	1,296,267.27 11,207.78	0.63% (12,161.55)	Aa3/AA- AA-	2.79 2.59
74340XBL4	PROLOGIS LP 4.375 02/01/2029	1,500,000.00	07/18/2024 4.68%	1,481,235.00 1,488,263.39	100.05 4.35%	1,500,816.00 10,937.50	0.73% 12,552.61	A2/A NA	2.84 2.62
78016HZV5	ROYAL BANK OF CANADA 4.95 02/01/2029	2,000,000.00	10/31/2024 4.69%	2,019,920.00 2,013,301.38	101.72 4.30%	2,034,440.00 16,500.00	0.99% 21,138.62	A1/A AA-	2.84 2.60
743315AV5	PROGRESSIVE CORP 4.0 03/01/2029	1,500,000.00	07/16/2024 4.72%	1,455,495.00 1,471,920.72	99.54 4.17%	1,493,124.00 5,000.00	0.72% 21,203.28	A2/A A	2.92 2.72
64952WFG3	NEW YORK LIFE GLOBAL FUNDING 5.0 06/06/2029	1,000,000.00	07/01/2024 5.12%	994,880.00 996,694.76	101.64 4.44%	1,016,400.00 15,972.22	0.49% 19,705.24	Aa1/AA+ AAA	3.18 2.87
437076BY7	HOME DEPOT INC 2.95 06/15/2029	1,663,000.00	09/17/2024 3.93%	1,593,203.89 1,615,783.80	96.21 4.23%	1,599,973.96 14,445.00	0.78% (15,809.84)	A2/A A	3.21 2.99
437076DC3	HOME DEPOT INC 4.75 06/25/2029	1,000,000.00	07/01/2024 4.93%	992,260.00 994,974.74	101.54 4.23%	1,015,369.00 12,666.67	0.49% 20,394.26	A2/A A	3.24 2.87
756109CB8	REALTY INCOME CORP 4.0 07/15/2029	1,463,000.00	08/08/2024 4.69%	1,419,212.41 1,433,800.17	98.88 4.37%	1,446,634.88 12,354.22	0.70% 12,834.71	A3/A- NA	3.29 3.02
713448FX1	PEPSICO INC 4.5 07/17/2029	1,500,000.00	07/15/2024 4.53%	1,497,675.00 1,498,468.25	100.96 4.18%	1,514,416.50 13,875.00	0.73% 15,948.25	A1/A+ NA	3.30 2.94
46647PAV8	JPMORGAN CHASE & CO 4.203 07/23/2029	1,500,000.00	09/17/2024 4.27%	1,496,610.00 1,497,962.14	99.43 4.68%	1,491,376.50 11,908.50	0.72% (6,585.64)	A1/A AA-	3.31 2.16
06051GHM4	BANK OF AMERICA CORP 4.271 07/23/2029	1,500,000.00	09/17/2024 4.29%	1,498,710.00 1,499,224.53	99.59 4.69%	1,493,886.00 12,101.17	0.72% (5,338.53)	A1/A- AA-	3.31 2.16

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30303M8S4	META PLATFORMS INC 4.3 08/15/2029	912,000.00	08/12/2024 4.33%	910,584.09 911,044.69	100.45 4.16%	916,068.43 5,010.93	0.44% 5,023.74	Aa3/AA- NA	3.38 3.02
171239AL0	CHUBB INA HOLDINGS LLC 4.65 08/15/2029	1,750,000.00	-- 4.44%	1,765,746.34 1,760,791.17	101.12 4.29%	1,769,675.25 10,397.92	0.86% 8,884.08	A2/A A	3.38 3.01
91324PDS8	UNITEDHEALTH GROUP INC 2.875 08/15/2029	2,000,000.00	09/17/2024 3.94%	1,906,080.00 1,935,430.00	95.33 4.38%	1,906,564.00 7,347.22	0.92% (28,866.00)	A2/A+ A	3.38 3.15
02665WFAQ9	AMERICAN HONDA FINANCE CORP 4.4 09/05/2029	1,750,000.00	10/02/2024 4.29%	1,758,102.50 1,755,646.51	99.10 4.69%	1,734,202.75 5,561.11	0.84% (21,443.76)	A3/BBB+ NA	3.43 3.14
40139LBJ1	GUARDIAN LIFE GLOBAL FUNDING 4.179 09/26/2029	1,205,000.00	09/23/2024 4.18%	1,205,000.00 1,205,000.00	99.08 4.47%	1,193,869.42 699.40	0.58% (11,130.59)	Aa1/AA+ NA	3.49 3.21
61748UAK8	MORGAN STANLEY 4.133 10/18/2029	1,470,000.00	10/17/2025 4.25%	1,470,184.60 1,470,157.38	98.84 4.61%	1,452,945.06 26,833.50	0.70% (17,212.32)	A1/A- A+	3.55 2.35
38141GD27	GOLDMAN SACHS GROUP INC 4.153 10/21/2029	1,025,000.00	10/14/2025 4.37%	1,025,000.00 1,025,000.00	99.07 4.54%	1,015,435.73 18,919.22	0.49% (9,564.28)	A2/BBB+ A	3.56 2.35
14913UAU4	CATERPILLAR FINANCIAL SERVICES CORP 4.7 11/15/2029	1,200,000.00	11/14/2024 4.74%	1,198,092.00 1,198,616.54	101.37 4.28%	1,216,498.80 21,306.67	0.59% 17,882.26	A2/A A+	3.63 3.25
64952WFK4	NEW YORK LIFE GLOBAL FUNDING 4.6 12/05/2029	1,365,000.00	12/02/2024 4.61%	1,364,221.95 1,364,427.33	100.59 4.42%	1,373,018.01 20,232.33	0.67% 8,590.68	Aa1/AA+ AAA	3.68 3.30
89236TNA9	TOYOTA MOTOR CREDIT CORP 4.95 01/09/2030	1,445,000.00	01/06/2025 5.00%	1,441,907.70 1,442,664.69	101.62 4.48%	1,468,433.57 16,292.38	0.71% 25,768.88	A1/A+ A+	3.78 3.38
63743HFX5	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP 4.95 02/07/2030	1,000,000.00	02/05/2025 4.88%	1,002,873.61 1,002,204.44	101.74 4.45%	1,017,356.00 7,425.00	0.49% 15,151.56	A2/NA A	3.86 3.39
571748CA8	MARSH & MCLENNAN COMPANIES INC 4.65 03/15/2030	1,400,000.00	03/11/2025 4.69%	1,397,340.00 1,397,894.17	100.71 4.45%	1,409,984.80 2,893.33	0.68% 12,090.63	A3/A- A-	3.96 3.50
57629TBX4	MASSMUTUAL GLOBAL FUNDING II 4.55 05/07/2030	1,000,000.00	05/01/2025 4.58%	998,670.00 998,909.63	99.67 4.64%	996,748.00 18,200.00	0.48% (2,161.63)	Aa3/AA+ AA+	4.10 3.63
66815L2W8	NORTHWESTERN MUTUAL GLOBAL FUNDING 4.6 06/03/2030	1,000,000.00	06/12/2025 4.51%	1,004,040.00 1,003,390.40	100.11 4.57%	1,001,115.00 15,077.78	0.49% (2,275.40)	Aa1/AA+ AAA	4.18 3.70
828807DK0	SIMON PROPERTY GROUP LP 2.65 07/15/2030	2,000,000.00	08/19/2025 4.32%	1,853,380.00 1,871,727.98	92.87 4.50%	1,857,340.00 11,188.89	0.90% (14,387.98)	A3/A NA	4.29 3.96
40139LBN2	GUARDIAN LIFE GLOBAL FUNDING 4.327 10/06/2030	1,500,000.00	09/30/2025 4.33%	1,500,000.00 1,500,000.00	98.86 4.61%	1,482,853.50 31,551.04	0.72% (17,146.50)	Aa1/AA+ NA	4.52 3.97

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24422EYF0	JOHN DEERE CAPITAL CORP 4.375 10/15/2030	1,000,000.00	11/04/2025 4.22%	1,006,920.00 1,006,356.43	99.85 4.41%	998,526.00 20,173.61	0.48% (7,830.43)	A1/A A+	4.54 4.00
141781CF9	CARGILL INC 4.125 10/23/2030	1,100,000.00	10/20/2025 4.14%	1,099,171.70 1,099,244.28	98.55 4.48%	1,084,065.40 19,914.58	0.53% (15,178.88)	A2/A NA	4.56 4.04
30303MAB8	META PLATFORMS INC 4.2 11/15/2030	1,500,000.00	11/13/2025 4.16%	1,502,895.00 1,502,677.03	99.03 4.43%	1,485,445.50 25,900.00	0.72% (17,231.53)	Aa3/AA- NA	4.63 4.09
74153WCZ0	PRICOA GLOBAL FUNDING I 4.35 11/25/2030	1,750,000.00	12/08/2025 4.36%	1,749,440.00 1,749,474.92	98.97 4.60%	1,731,952.25 26,643.75	0.84% (17,522.67)	Aa3/NA AA-	4.65 4.10
89236TPH2	TOYOTA MOTOR CREDIT CORP 4.2 01/10/2031	1,080,000.00	01/07/2026 4.21%	1,079,665.20 1,079,679.70	98.62 4.52%	1,065,119.76 9,954.00	0.52% (14,559.94)	A1/A+ A+	4.78 4.24
66815L2Z1	NORTHWESTERN MUTUAL GLOBAL FUNDING 4.3 01/13/2031	1,020,000.00	01/06/2026 4.30%	1,019,908.20 1,019,912.12	98.59 4.63%	1,005,634.32 9,503.00	0.49% (14,277.80)	Aa1/AA+ AAA	4.79 4.23
6944PL3M9	PACIFIC LIFE GLOBAL FUNDING II 4.375 02/03/2031	1,000,000.00	01/29/2026 4.34%	1,001,380.00 1,001,336.92	99.29 4.54%	992,874.00 7,048.61	0.48% (8,462.92)	Aa3/AA- AA-	4.85 4.28
92826CAZ5	VISA INC 4.1 02/12/2031	1,345,000.00	02/03/2026 4.13%	1,343,197.70 1,343,245.08	99.90 4.12%	1,343,669.80 7,505.85	0.65% 424.72	Aa3/AA- NA	4.87 4.35
02079KBK2	ALPHABET INC 4.1 02/15/2031	1,500,000.00	02/12/2026 4.10%	1,500,087.78 1,500,085.55	99.31 4.26%	1,489,576.50 8,200.00	0.72% (10,509.05)	Aa2/AA+ NA	4.88 4.35
24422EYL7	JOHN DEERE CAPITAL CORP 4.2 03/10/2031	1,060,000.00	03/05/2026 4.20%	1,059,766.80 1,059,769.61	99.05 4.42%	1,049,942.72 2,597.00	0.51% (9,826.89)	A1/A A+	4.94 4.40
Total Corporate		59,353,000.00	4.32%	58,961,251.52 59,065,270.09	99.40 4.40%	58,976,428.58 553,393.09	28.58% (88,841.51)		3.49 3.04
MONEY MARKET FUND									
VP4520004	WF ADV 100% TREAS MM FD-SVC CL #008	1,093,340.64	-- 0.01%	1,093,340.64 1,093,340.64	1.00 0.01%	1,093,340.64 0.00	0.53% 0.00	Aaa/AAAm NA	0.00 0.00
Total Money Market Fund		1,093,340.64	0.01%	1,093,340.64 1,093,340.64	1.00 0.01%	1,093,340.64 0.00	0.53% 0.00		0.00 0.00
MUNICIPAL BONDS									
13063EGT7	CALIFORNIA STATE 4.5 08/01/2029	1,740,000.00	10/30/2024 4.38%	1,749,169.80 1,746,455.96	101.76 3.93%	1,770,670.98 13,050.00	0.86% 24,215.02	Aa2/AA- AA	3.34 3.05

HOLDINGS REPORT



City of Cupertino | Account #10659 | As of March 31, 2026

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
Total Municipal Bonds		1,740,000.00	4.38%	1,749,169.80 1,746,455.96	101.76 3.93%	1,770,670.98 13,050.00	0.86% 24,215.02		3.34 3.05
SUPRANATIONAL									
4581X0DV7	INTER-AMERICAN DEVELOPMENT BANK 0.875 04/20/2026	2,460,000.00	04/13/2021 0.97%	2,448,733.20 2,459,882.77	99.84 3.84%	2,456,137.80 9,626.46	1.19% (3,744.97)	Aaa/AAA NA	0.05 0.05
459058LN1	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.875 10/16/2029	1,750,000.00	12/12/2024 4.25%	1,721,510.00 1,729,148.16	100.04 3.86%	1,750,630.00 31,080.00	0.85% 21,481.84	Aaa/AAA NA	3.54 3.22
459058LR2	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 4.125 03/20/2030	1,700,000.00	03/14/2025 4.20%	1,694,220.00 1,695,413.35	100.81 3.90%	1,713,764.90 2,142.71	0.83% 18,351.55	Aaa/AAA NA	3.97 3.63
Total Supranational		5,910,000.00	2.87%	5,864,463.20 5,884,444.27	100.18 3.87%	5,920,532.70 42,849.17	2.87% 36,088.43		2.22 2.03
US TREASURY									
91282CBW0	UNITED STATES TREASURY 0.75 04/30/2026	2,500,000.00	05/27/2021 0.80%	2,493,652.34 2,499,897.62	99.76 3.70%	2,494,090.00 7,872.93	1.21% (5,807.62)	Aa1/AA+ AA+	0.08 0.08
912797UB1	UNITED STATES TREASURY 06/23/2026	2,000,000.00	02/25/2026 3.68%	1,976,657.85 1,983,441.04	99.18 3.66%	1,983,514.00 0.00	0.96% 72.96	P-1/A-1+ F1+	0.23 0.23
91282CCZ2	UNITED STATES TREASURY 0.875 09/30/2026	1,400,000.00	10/18/2021 1.19%	1,379,054.68 1,397,890.40	98.59 3.76%	1,380,279.60 33.47	0.67% (17,610.80)	Aa1/AA+ AA+	0.50 0.49
91282CDG3	UNITED STATES TREASURY 1.125 10/31/2026	1,400,000.00	11/15/2021 1.25%	1,391,468.75 1,398,995.49	98.48 3.80%	1,378,693.40 6,613.26	0.67% (20,302.09)	Aa1/AA+ AA+	0.59 0.57
91282CJP7	UNITED STATES TREASURY 4.375 12/15/2026	2,500,000.00	12/28/2023 4.01%	2,525,097.66 2,505,984.47	100.43 3.75%	2,510,717.50 32,151.44	1.22% 4,733.03	Aa1/AA+ AA+	0.71 0.68
91282CKJ9	UNITED STATES TREASURY 4.5 04/15/2027	2,300,000.00	04/17/2024 4.77%	2,283,109.38 2,294,137.78	100.76 3.74%	2,317,509.90 47,769.23	1.12% 23,372.12	Aa1/AA+ AA+	1.04 0.99
91282CKR1	UNITED STATES TREASURY 4.5 05/15/2027	3,200,000.00	05/08/2024 4.65%	3,186,500.00 3,194,957.53	100.73 3.82%	3,223,500.80 54,497.24	1.56% 28,543.27	Aa1/AA+ AA+	1.12 1.07
91282CEW7	UNITED STATES TREASURY 3.25 06/30/2027	3,250,000.00	-- 3.18%	3,260,312.50 3,252,504.14	99.30 3.82%	3,227,402.75 26,552.14	1.56% (25,101.39)	Aa1/AA+ AA+	1.25 1.20

HOLDINGS REPORT



City of Cupertino | Account #10659 | As of March 31, 2026

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
91282CFB2	UNITED STATES TREASURY 2.75 07/31/2027	400,000.00	08/22/2022 3.12%	393,218.75 398,172.11	98.60 3.84%	394,390.80 1,823.20	0.19% (3,781.31)	Aa1/AA+ AA+	1.33 1.29
91282CFH9	UNITED STATES TREASURY 3.125 08/31/2027	4,500,000.00	-- 3.28%	4,468,902.34 4,491,148.38	99.02 3.84%	4,455,877.50 12,228.26	2.16% (35,270.88)	Aa1/AA+ AA+	1.42 1.36
91282CFM8	UNITED STATES TREASURY 4.125 09/30/2027	3,450,000.00	-- 4.31%	3,421,152.34 3,441,217.58	100.41 3.84%	3,464,151.90 388.83	1.68% 22,934.32	Aa1/AA+ AA+	1.50 1.44
91282CFZ9	UNITED STATES TREASURY 3.875 11/30/2027	850,000.00	12/05/2022 3.81%	852,656.25 850,887.36	100.06 3.84%	850,498.10 11,039.49	0.41% (389.26)	Aa1/AA+ AA+	1.67 1.58
91282CGC9	UNITED STATES TREASURY 3.875 12/31/2027	2,750,000.00	-- 3.67%	2,775,107.42 2,758,923.08	100.07 3.83%	2,751,933.25 26,787.81	1.33% (6,989.83)	Aa1/AA+ AA+	1.75 1.66
91282CGH8	UNITED STATES TREASURY 3.5 01/31/2028	3,000,000.00	02/07/2023 3.81%	2,957,929.69 2,984,495.54	99.43 3.82%	2,982,891.00 17,403.31	1.45% (1,604.54)	Aa1/AA+ AA+	1.84 1.75
91282CGP0	UNITED STATES TREASURY 4.0 02/29/2028	3,700,000.00	-- 4.01%	3,699,113.28 3,699,711.50	100.33 3.82%	3,712,139.70 12,869.57	1.80% 12,428.20	Aa1/AA+ AA+	1.92 1.82
91282CNY3	UNITED STATES TREASURY 3.375 09/15/2028	5,000,000.00	10/28/2025 3.50%	4,982,812.50 4,985,328.54	98.97 3.82%	4,948,440.00 7,795.52	2.40% (36,888.54)	Aa1/AA+ AA+	2.46 2.33
91282CKG5	UNITED STATES TREASURY 4.125 03/31/2029	2,300,000.00	04/17/2024 4.62%	2,249,867.19 2,269,637.49	100.83 3.83%	2,319,136.00 259.22	1.12% 49,498.51	Aa1/AA+ AA+	3.00 2.80
91282CKX8	UNITED STATES TREASURY 4.25 06/30/2029	2,000,000.00	07/01/2024 4.41%	1,985,546.88 1,990,602.30	101.21 3.85%	2,024,218.00 21,367.40	0.98% 33,615.70	Aa1/AA+ AA+	3.25 2.98
91282CLK5	UNITED STATES TREASURY 3.625 08/31/2029	3,500,000.00	09/11/2024 3.45%	3,527,480.47 3,518,916.51	99.23 3.87%	3,473,204.00 11,032.61	1.68% (45,712.51)	Aa1/AA+ AA+	3.42 3.17
91282CLN9	UNITED STATES TREASURY 3.5 09/30/2029	5,000,000.00	-- 3.83%	4,925,039.06 4,947,174.72	98.80 3.87%	4,939,845.00 478.14	2.39% (7,329.72)	Aa1/AA+ AA+	3.50 3.26
91282CLR0	UNITED STATES TREASURY 4.125 10/31/2029	3,000,000.00	10/31/2024 4.17%	2,993,789.06 2,995,545.14	100.82 3.88%	3,024,609.00 51,961.33	1.47% 29,063.86	Aa1/AA+ AA+	3.59 3.25
91282CMD0	UNITED STATES TREASURY 4.375 12/31/2029	4,400,000.00	-- 4.53%	4,369,171.88 4,376,674.47	101.69 3.88%	4,474,421.60 48,390.88	2.17% 97,747.13	Aa1/AA+ AA+	3.75 3.40
91282CMG3	UNITED STATES TREASURY 4.25 01/31/2030	4,000,000.00	02/07/2025 4.34%	3,983,906.25 3,987,584.06	101.27 3.89%	4,050,624.00 28,176.80	1.96% 63,039.94	Aa1/AA+ AA+	3.84 3.49
91282CGQ8	UNITED STATES TREASURY 4.0 02/28/2030	4,500,000.00	-- 4.01%	4,496,958.99 4,497,560.27	100.38 3.89%	4,517,050.50 15,652.17	2.19% 19,490.23	Aa1/AA+ AA+	3.91 3.58
91282CNK3	UNITED STATES TREASURY 3.875 06/30/2030	5,000,000.00	-- 3.78%	5,020,507.81 5,019,133.33	99.85 3.91%	4,992,385.00 48,705.11	2.42% (26,748.33)	Aa1/AA+ AA+	4.25 3.85

HOLDINGS REPORT



City of Cupertino | Account #10659 | As of March 31, 2026

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
91282CHR5	UNITED STATES TREASURY 4.0 07/31/2030	5,000,000.00	10/23/2025 3.59%	5,089,062.50 5,080,928.70	100.32 3.92%	5,015,820.00 33,149.17	2.43% (65,108.70)	Aa1/AA+ AA+	4.33 3.92
91282CNX5	UNITED STATES TREASURY 3.625 08/31/2030	5,000,000.00	-- 3.66%	4,991,425.79 4,992,450.13	98.77 3.93%	4,938,670.00 15,760.87	2.39% (53,780.13)	Aa1/AA+ AA+	4.42 4.02
91282CPA3	UNITED STATES TREASURY 3.625 09/30/2030	5,000,000.00	-- 3.59%	5,008,789.06 5,008,006.60	98.75 3.93%	4,937,695.00 495.22	2.39% (70,311.60)	Aa1/AA+ AA+	4.50 4.11
91282CPN5	UNITED STATES TREASURY 3.5 11/30/2030	1,750,000.00	12/15/2025 3.73%	1,731,816.41 1,732,881.31	98.16 3.93%	1,717,803.50 20,528.85	0.83% (15,077.81)	Aa1/AA+ AA+	4.67 4.21
Total US Treasury		92,650,000.00	3.73%	92,420,107.08 92,554,787.57	99.85 3.85%	92,501,511.80 561,783.48	44.82% (53,275.77)		2.76 2.55
Total Portfolio		207,849,407.81	4.01%	205,686,359.19 206,277,628.74	98.79 4.04%	206,386,615.39 1,408,186.33	100.00% 108,986.65		2.96 2.56
Total Market Value + Accrued						207,794,801.72			

HOLDINGS REPORT



City of Cupertino Reporting | Account #10663 | As of March 31, 2026

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
CASH									
90CASH\$00	Wells Fargo Government Advantage Checking	11,912,803.90	-- 0.00%	11,912,803.90 11,912,803.90	1.00 0.00%	11,912,803.90 0.00	13.75% 0.00	NA/NA NA	0.00 0.00
90CASH\$02	Wells Fargo WC Distribution Account	34,369.23	-- 0.00%	34,369.23 34,369.23	1.00 0.00%	34,369.23 0.00	0.04% 0.00	NA/NA NA	0.00 0.00
CCYUSD	Receivable	710,680.90	--	710,680.90 710,680.90	1.00	710,680.90 0.00	0.82% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		12,657,854.03	0.00%	12,657,854.03	1.00 0.00%	12,657,854.03 0.00	14.61% 0.00		0.00 0.00
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	73,980,260.70	-- 3.82%	73,980,260.70 73,980,260.70	1.00 3.82%	73,980,260.70 0.00	85.39% 0.00	NA/NA NA	0.00 0.00
Total LAIF		73,980,260.70	3.82%	73,980,260.70	1.00 3.82%	73,980,260.70 0.00	85.39% 0.00		0.00 0.00
Total Portfolio		86,638,114.73	3.29%	86,638,114.73	1.00 3.29%	86,638,114.73 0.00	100.00% 0.00		0.00 0.00
Total Market Value + Accrued						86,638,114.73			

TRANSACTIONS

TRANSACTION LEDGER



City of Cupertino | Account #10659 | 01/01/2026 Through 03/31/2026 |

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/12/2026	89236TPH2	1,080,000.00	TOYOTA MOTOR CREDIT CORP 4.2 01/10/2031	99.969	4.21%	(1,079,665.20)	0.00	(1,079,665.20)	0.00
Purchase	01/13/2026	66815L2Z1	1,020,000.00	NORTHWESTERN MUTUAL GLOBAL FUNDING 4.3 01/13/2031	99.991	4.30%	(1,019,908.20)	0.00	(1,019,908.20)	0.00
Purchase	01/14/2026	58989V2M5	1,310,000.00	MET TOWER GLOBAL FUNDING 4.0 01/14/2029	99.871	4.05%	(1,308,310.10)	0.00	(1,308,310.10)	0.00
Purchase	01/21/2026	448970AD5	635,000.00	HALST 26A A3 3.97 12/15/2028	99.985	3.98%	(634,906.91)	0.00	(634,906.91)	0.00
Purchase	01/21/2026	58770YAD3	570,000.00	MBALT 2026-A A3 3.93 01/15/2030	99.980	3.97%	(569,886.97)	0.00	(569,886.97)	0.00
Purchase	02/03/2026	6944PL3M9	1,000,000.00	PACIFIC LIFE GLOBAL FUNDING II 4.375 02/03/2031	100.138	4.34%	(1,001,380.00)	0.00	(1,001,380.00)	0.00
Purchase	02/06/2026	3137FXZ35	1,000,000.00	FHMS K-127 A2 2.108 01/25/2031	91.094	4.11%	(910,937.50)	(292.78)	(911,230.28)	0.00
Purchase	02/12/2026	92826CAZ5	1,345,000.00	VISA INC 4.1 02/12/2031	99.866	4.13%	(1,343,197.70)	0.00	(1,343,197.70)	0.00
Purchase	02/17/2026	02079KBK2	612,000.00	ALPHABET INC 4.1 02/15/2031	99.951	4.11%	(611,697.06)	(278.80)	(611,975.86)	0.00
Purchase	02/17/2026	02079KBK2	888,000.00	ALPHABET INC 4.1 02/15/2031	100.044	4.09%	(888,390.72)	(404.53)	(888,795.25)	0.00
Purchase	02/26/2026	912797UB1	2,000,000.00	UNITED STATES TREASURY 06/23/2026	98.833	3.68%	(1,976,657.85)	0.00	(1,976,657.85)	0.00
Purchase	03/10/2026	24422EYL7	1,060,000.00	JOHN DEERE CAPITAL CORP 4.2 03/10/2031	99.978	4.20%	(1,059,766.80)	0.00	(1,059,766.80)	0.00
Purchase	03/13/2026	79466LAQ7	680,000.00	SALESFORCE INC 4.5 03/15/2028	100.214	4.38%	(681,455.20)	0.00	(681,455.20)	0.00
Purchase	03/13/2026	79466LAQ7	675,000.00	SALESFORCE INC 4.5 03/15/2028	100.271	4.35%	(676,829.25)	0.00	(676,829.25)	0.00
Total Purchase			13,875,000.00				(13,762,989.46)	(976.11)	(13,763,965.57)	0.00

TRANSACTION LEDGER



City of Cupertino | Account #10659 | 01/01/2026 Through 03/31/2026 |

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
TOTAL ACQUISITIONS			13,875,000.00				(13,762,989.46)	(976.11)	(13,763,965.57)	0.00
DISPOSITIONS										
Maturity	01/31/2026	91282CBH3	(2,500,000.00)	UNITED STATES TREASURY 0.375 01/31/2026	100.000	0.75%	2,500,000.00	0.00	2,500,000.00	0.00
Total Maturity			(2,500,000.00)				2,500,000.00	0.00	2,500,000.00	0.00
Sale	01/09/2026	58989V2D5	(770,000.00)	MET TOWER GLOBAL FUNDING 1.25 09/14/2026	98.183	1.27%	756,009.10	3,074.65	759,083.75	(13,894.69)
Sale	01/09/2026	59217GER6	(1,115,000.00)	METROPOLITAN LIFE GLOBAL FUNDING I 1.875 01/11/2027	98.059	1.90%	1,093,357.85	10,336.98	1,103,694.83	(21,386.68)
Sale	01/09/2026	57629WDE7	(1,000,000.00)	MASSMUTUAL GLOBAL FUNDING II 1.2 07/16/2026	98.592	1.15%	985,920.00	5,766.67	991,686.67	(14,314.47)
Sale	01/09/2026	89236TJK2	(1,385,000.00)	TOYOTA MOTOR CREDIT CORP 1.125 06/18/2026	98.805	1.13%	1,368,449.25	908.91	1,369,358.16	(16,497.35)
Sale	01/30/2026	14913UAL4	(1,000,000.00)	CATERPILLAR FINANCIAL SERVICES CORP 5.0 05/14/2027	101.638	5.04%	1,016,380.00	10,555.56	1,026,935.56	16,838.71
Sale	02/06/2026	3137FBBX3	(1,000,000.00)	FHMS K-068 A2 3.244 08/25/2027	99.094	4.36%	990,937.50	450.56	991,388.06	6,076.89
Sale	02/26/2026	24422EXZ7	(1,430,000.00)	JOHN DEERE CAPITAL CORP 4.65 01/07/2028	101.742	4.66%	1,454,910.60	9,050.71	1,463,961.31	25,177.50
Total Sale			(7,700,000.00)				7,665,964.30	40,144.04	7,706,108.34	(18,000.09)
TOTAL DISPOSITIONS			(10,200,000.00)				10,165,964.30	40,144.04	10,206,108.34	(18,000.09)

TRANSACTION LEDGER



City of Cupertino Reporting | Account #10663 | 01/01/2026 Through 03/31/2026 |

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/15/2026	90LAIF\$00	727,869.67	Local Agency Investment Fund State Pool	1.000	3.93%	(727,869.67)	0.00	(727,869.67)	0.00
Total Purchase			727,869.67				(727,869.67)	0.00	(727,869.67)	0.00
TOTAL ACQUISITIONS			727,869.67				(727,869.67)	0.00	(727,869.67)	0.00

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Information contained herein is confidential. Prices are provided by ICE Data Services Inc (“IDS”), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client’s Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody’s, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities (“MBS”) reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest.

LGIP Yields: Reported yields for local government investment pools may be presented as either the 30-day yield or the monthly distribution yield, as applicable. For certain funds, the 30-day yield is calculated using reported daily yield data. Yield calculations are subject to change and may not be directly comparable across funds.

LAIF Yields: Additional Disclosure for CA Clients - As a result of a reporting lag from the Local Agency Investment Fund (LAIF), reported LAIF yields represent the most recently available Daily Effective Yield and may reflect data from approximately 7–10 days prior to month-end.

Benchmark	Disclosure
ICE BofA 1-5 Yr Unsubordinated US Treasury & Agency Index	The ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.

**CITY OF CUPERTINO -
CHANDLER ASSET MANAGEMENT**

ACCOUNT NUMBER [REDACTED]
MONTHLY STATEMENT
MARCH 1, 2026 THROUGH MARCH 31, 2026

ACCOUNT MANAGER: MICHAEL J WADE
TELEPHONE NUMBER: 515-878-6110

PFGEDD

INVESTMENT CONTACT: IMR/DEREK JOHNSON
TELEPHONE NUMBER:

ADMINISTRATOR: BELINDA CONWAY
TELEPHONE NUMBER: 254-265-6137

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INVESTMENT AND INSURANCE PRODUCTS ARE:

- NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) OR ANY FEDERAL GOVERNMENT AGENCY
- NOT A DEPOSIT, OBLIGATION OF, OR GUARANTEED BY ANY BANK OR BANKING AFFILIATE
- SUBJECT TO INVESTMENT RISKS AND MAY LOSE VALUE, INCLUDING POSSIBLE LOSS OF PRINCIPAL AMOUNT INVESTED

Custody and trust services are provided by Principal Bank®, Member FDIC, and/or Principal Trust Company®. These services are provided under the trade name Principal® Custody Solutions. Principal Trust Company is a trade name of Delaware Charter Guarantee & Trust Company. Principal Bank and Principal Trust Company are members of the Principal Financial Group®, Des Moines, IA 50392.

ASSET VALUATION PRACTICES

VALUES REFLECTED FOR PUBLICLY TRADED ASSETS ARE OBTAINED FROM UNAFFILIATED SOURCES. IN SITUATIONS WHERE AN ASSET VALUE CANNOT BE PROVIDED BY OUR UNAFFILIATED PRICING SOURCES, SUCH AS BUT NOT LIMITED TO NON-PUBLICLY TRADED ASSETS, THE CUSTOMER OR THEIR DESIGNATED REPRESENTATIVE MUST PROVIDE THE UPDATED VALUE. IF PRINCIPAL CUSTODY SOLUTIONS DOES NOT RECEIVE AN UPDATED VALUE, OR IS UNABLE TO USE THE VALUE PROVIDED, THE LAST REPORTED VALUE WILL CONTINUE TO BE REPORTED.

TRADE CONFIRMS

PURSUANT TO FEDERAL REGULATION, MONTHLY OR QUARTERLY ACCOUNT STATEMENTS THAT INCLUDE INVESTMENT TRANSACTION DETAILS MAY BE PROVIDED IN LIEU OF SEPARATE TRADE CONFIRMATIONS. SEPARATE TRADE CONFIRMS MAY BE OBTAINED AT NO ADDITIONAL COST UPON WRITTEN REQUEST TO THE ACCOUNT MANAGER.

UNCLAIMED PROPERTY DESIGNATED REPRESENTATIVE NOTIFICATION

YOUR PROPERTY MAY BE TRANSFERRED TO THE APPROPRIATE STATE IF NO ACTIVITY OCCURS IN THE ACCOUNT WITHIN THE TIME PERIOD SPECIFIED BY STATE LAW. IF YOUR STATE OF RESIDENCE ALLOWS, YOU MAY DESIGNATE A REPRESENTATIVE FOR THE PURPOSE OF RECEIVING NOTICE OF ACCOUNT INACTIVITY BY PROVIDING THE NAME AND MAILING OR EMAIL ADDRESS OF A REPRESENTATIVE. THE DESIGNATED REPRESENTATIVE DOES NOT HAVE ANY RIGHTS TO YOUR ACCOUNT. PLEASE REFER TO YOUR STATE'S UNCLAIMED PROPERTY WEBSITE FOR MORE INFORMATION AND INSTRUCTIONS ON HOW TO DESIGNATE A REPRESENTATIVE FOR NOTICE.

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ASSET SUMMARY
AS OF MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

ASSET SUMMARY

INVESTMENT CATEGORY	COST VALUE	MARKET VALUE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ESTIMATED ANNUAL INCOME	CURRENT YIELD	ACCRUED INCOME
CASH	0.00	0.00	0.00				
CASH EQUIVALENTS	3,123,010.14	3,129,872.29	1.52	6,862.15	108,887	3.48	3,344.38
BONDS AND NOTES	202,560,004.70	203,253,381.34	98.48	693,376.64	7,748,865	3.81	1,408,525.65
=====	=====	=====	=====	=====	=====	=====	=====
TOTAL INVESTMENTS	205,683,014.84	206,383,253.63	100.00	700,238.79	7,857,752	3.81	1,411,870.03
TOTAL ACCRUALS	1,411,870.03	1,411,870.03					
=====	=====	=====	=====	=====	=====	=====	=====
TOTAL ACCRUALS AND INVESTMENTS	207,094,884.87	207,795,123.66		700,238.79	7,857,752	3.81	1,411,870.03

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
CASH EQUIVALENTS						
1,093,340.64	ALLSPRING 100% TREASURY MONEY MARKET FUND - #008	1,093,340.64 1.0000	1,093,340.64 1.0000	0.53	0.00	3,263.34
53,011.65	PRINCIPAL PUBLIC DEPOSIT SWEEP PROGRAM	53,011.65 1.0000	53,011.65 1.0000	0.03	0.00	81.04
2,000,000	UNITED STATES TREASURY BILLS DTD 02/24/2026 DUE 06/23/2026 CUSIP 912797UB1	1,976,657.85 98.8329	1,983,520.00 99.1760	0.96	6,862.15	0.00
TOTAL CASH EQUIVALENTS		3,123,010.14	3,129,872.29	1.52	6,862.15	3,344.38
BOND & NOTES						
1,500,000	ALPHABET INC DTD 02/13/2026 4.100% 02/15/2031 CALLABLE MOODY'S RATING AA2 CUSIP 02079KBK2	1,500,087.78 100.0059	1,489,575.00 99.3050	0.72	10,512.78-	8,200.00
1,420,000	AMERICAN EXPRESS CREDIT ACCOUNT ASSET BCKD SEC SER 2025-2 CL A DTD 05/13/2025 4.280% 04/15/2030 NON CALLABLE CUSIP 02582JKP4	1,419,974.30 99.9982	1,424,913.20 100.3460	0.69	4,938.90	2,701.16
1,750,000	AMERICAN HONDA FINANCE MEDIUM TERM NOTE DTD 09/05/2024 4.400% 09/05/2029 NON CALLABLE MOODY'S RATING A3 CUSIP 02665WFQ9	1,758,102.50 100.4630	1,734,197.50 99.0970	0.84	23,905.00-	5,561.11
1,500,000	BANK OF AMERICA CORP DTD 07/23/18 07/23/2029 MOODY'S RATING A1 CUSIP 06051GHM4	1,498,710.00 99.9140	1,493,880.00 99.5920	0.72	4,830.00-	12,101.17

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
850,000	BANK OF AMERICA CREDIT CARD TRUST ASSET BCKD SEC SER 2023-A2 CL A2 DTD 12/14/2023 4.980% 11/15/2028 NON CALLABLE MOODY'S RATING AAA CUSIP 05522RDH8	858,798.83 101.0352	855,406.00 100.6360	0.41	3,392.83-	1,881.33
785,000	BANK OF AMERICA CREDIT CARD TRUST ASSET BCKD SEC SER 2024-A1 CL A DTD 06/13/2024 4.930% 05/15/2029 NON CALLABLE MOODY'S RATING AAA CUSIP 05522RDJ4	784,955.96 99.9944	793,116.90 101.0340	0.38	8,160.94	1,720.02
1,615,000	BERKSHIRE HATHAWAY FIN DTD 03/15/2022 2.300% 03/15/2027 CALLABLE MOODY'S RATING AA2 CUSIP 084664CZ2	1,614,693.15 99.9810	1,589,967.50 98.4500	0.77	24,725.65-	1,650.89
1,050,000	BMW VEHICLE LEASE TRUST ASSET BCKD SEC SER 2025-2 CL A3 DTD 10/15/2025 3.970% 09/25/2028 CALLABLE CUSIP 05594HAD5	1,049,997.06 99.9997	1,048,582.50 99.8650	0.51	1,414.56-	694.75
552,424.53	BMW VEHICLE OWNER TRUST ASSET BCKD SEC SER 2024-A CL A3 DTD 06/11/2024 5.180% 02/26/2029 CALLABLE MOODY'S RATING AAA CUSIP 096919AD7	552,340.61 99.9848	556,065.01 100.6590	0.27	3,724.40	476.93
1,740,000	CALIFORNIA STATE GENERAL OBLIGATION DTD 11/05/2024 4.500% 08/01/2029 NON CALLABLE MOODY'S RATING AA2 CUSIP 13063EGT7	1,749,169.80 100.5270	1,770,676.20 101.7630	0.86	21,506.40	13,050.00

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,100,000	CARGILL INC DTD 10/23/2025 4.125% 10/23/2030 CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING A2 CUSIP 141781CF9	1,099,171.70 99.9247	1,084,061.00 98.5510	0.53	15,110.70-	19,914.58
1,200,000	CATERPILLAR FINL SVCS DTD 11/15/2024 4.700% 11/15/2029 NON CALLABLE MOODY'S RATING A2 CUSIP 14913UAU4	1,198,092.00 99.8410	1,216,500.00 101.3750	0.59	18,408.00	21,306.67
960,000	CHARLES SCHWAB CORP DTD 03/03/2022 2.450% 03/03/2027 CALLABLE MOODY'S RATING A2 CUSIP 808513BY0	959,729.90 99.9719	945,196.80 98.4580	0.46	14,533.10-	1,829.33
1,690,000	CHASE ISSUANCE TRUST ASSET BCKD SEC SER 2024-A1I CL A DTD 01/31/2024 4.600% 01/16/2029 NON CALLABLE CUSIP 161571HV9	1,689,742.61 99.9848	1,697,655.70 100.4530	0.82	7,913.09	3,455.11
1,750,000	CHUBB INA HOLDINGS LLC DTD 07/31/2024 4.650% 08/15/2029 CALLABLE MOODY'S RATING A2 CUSIP 171239AL0	1,765,746.34 100.8998	1,769,670.00 101.1240	0.86	3,923.66	10,397.92
1,500,000	CITIBANK CREDIT CARD ISSURANCE ASSET BCKD SEC SER 2025-A1 CL A DTD 06/26/2025 4.300% 06/21/2030 NON CALLABLE MOODY'S RATING AAA CUSIP 17305EHA6	1,515,000.00 101.0000	1,504,425.00 100.2950	0.73	10,575.00-	17,916.67

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,288,000	FED HOME LN MTG CORP SER K089 CL A2 *24 DAY DELAY* DTD 03/01/19 3.563 01/25/2029 CUSIP 3137FL6P4	1,228,178.44 95.3555	1,268,396.64 98.4780	0.61	40,218.20	3,824.29
1,964,709.5	FED HOME LN MTG CORP SER K093 CL A2 *24 DAY DELAY* DTD 06/01/19 2.982 05/25/2029 CUSIP 3137FMCR1	1,895,484.19 96.4766	1,902,526.44 96.8350	0.92	7,042.25	4,882.30
1,500,000	FED HOME LN MTG CORP SER K099 CL A2 *24 DAY DELAY* DTD 10/01/19 2.595 09/25/2029 CUSIP 3137FPJG1	1,407,011.72 93.8008	1,427,190.00 95.1460	0.69	20,178.28	3,243.75
2,800,000	FEDERAL FARM CREDIT BANK DTD 11/15/2023 4.625% 11/15/2027 NON CALLABLE MOODY'S RATING AA1 CUSIP 3133EPC60	2,789,612.00 99.6290	2,835,700.00 101.2750	1.37	46,088.00	48,922.22
2,400,000	FEDERAL FARM CREDIT BANK DTD 05/06/2024 4.750% 05/06/2027 NON CALLABLE MOODY'S RATING AA1 CUSIP 3133ERDS7	2,412,552.00 100.5230	2,427,552.00 101.1480	1.18	15,000.00	45,916.67
1,875,000	FEDERAL HOME LOAN BANK DTD 04/11/2024 4.750% 04/09/2027 NON CALLABLE MOODY'S RATING AA1 CUSIP 3130BOTY5	1,870,050.00 99.7360	1,893,750.00 101.0000	0.92	23,700.00	42,552.08
1,500,000	FEDERAL HOME LOAN MORTGAGE CORP CMO SER 2020-K110 CL A2 DTD 06/01/2020 1.477% 04/25/2030 NON CALLABLE CUSIP 3137FTZQ3	1,348,652.34 89.9102	1,355,640.00 90.3760	0.66	6,987.66	1,846.25

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
2,000,000	FEDERAL HOME LOAN MORTGAGE CORP CMO SER 2020-K115 CL A2 DTD 09/01/2020 1.383% 06/25/2030 NON CALLABLE CUSIP 3137FWG79	1,787,343.75 89.3672	1,786,380.00 89.3190	0.87	963.75-	2,305.00
2,000,000	FEDERAL HOME LOAN MORTGAGE CORP CMO SER K748 CL A2 DTD 03/01/2022 2.260% 01/25/2029 NON CALLABLE CUSIP 3137H5YC5	1,801,718.75 90.0860	1,903,120.00 95.1560	0.92	101,401.25	3,766.67
650,000	FHLMC MULTIFAMILY STRUCTURED P SER K058 CL A2 *24 DAY DELAY* DTD 11/01/16 2.653 08/25/2026 CUSIP 3137BSP72	687,451.17 105.7617	645,976.50 99.3810	0.31	41,474.67-	1,437.04
1,936,191.4	FHLMC MULTIFAMILY STRUCTURED P SER K087 CL A2 *24 DAY DELAY* DTD 01/01/19 3.771 12/25/2028 CUSIP 3137FKUP9	1,852,314.99 95.6680	1,918,029.92 99.0620	0.93	65,714.93	6,084.48
2,550,000	FHLMC MULTIFAMILY STRUCTURED P SER K088 CL A2 *24 DAY DELAY* DTD 03/01/19 3.690 01/25/2029 MOODY'S RATING AAA CUSIP 3137FKZZ2	2,465,830.08 96.6992	2,519,833.50 98.8170	1.22	54,003.42	7,841.25
2,500,000	FHLMC MULTIFAMILY STRUCTURED P SER K091 CL A2 *24 DAY DELAY* DTD 04/01/19 3.505 03/25/2029 CUSIP 3137FLN91	2,431,738.28 97.2695	2,457,025.00 98.2810	1.19	25,286.72	7,302.08
2,200,000	FHLMC MULTIFAMILY STRUCTURED P SER K095 CL A2 *24 DAY DELAY* DTD 08/01/19 2.785 06/25/2029 CUSIP 3137FNAE0	2,039,382.82 92.6992	2,113,694.00 96.0770	1.02	74,311.18	5,105.83

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,600,000	FHLMC MULTIFAMILY STRUCTURED P SER K098 CL A2 *24 DAY DELAY* DTD 10/01/19 2.425 08/25/2029 CUSIP 3137FPHK4	1,488,375.00 93.0235	1,515,984.00 94.7490	0.73	27,609.00	3,233.33
2,000,000	FHLMC MULTIFAMILY STRUCTURED P SER K106 CL A2 *24 DAY DELAY* DTD 03/01/20 2.069 01/25/2030 CUSIP 3137FRUT6	1,810,078.13 90.5039	1,854,800.00 92.7400	0.90	44,721.87	3,448.33
1,000,000	FHLMC MULTIFAMILY STRUCTURED P SER K127 CL A2 *24 DAY DELAY* DTD 03/01/21 2.108 01/25/2031 CUSIP 3137FXZ35	910,937.50 91.0938	908,240.00 90.8240	0.44	2,697.50-	1,756.67
862,195.36	GM FINANCIAL SECURITIZED TERM ASSET BCKD SEC SER 2024-1 CL A3 DTD 01/17/2024 4.850% 12/18/2028 CALLABLE MOODY'S RATING AAA CUSIP 36268GAD7	860,828.13 99.8414	865,540.68 100.3880	0.42	4,712.55	1,742.35
1,025,000	GOLDMAN SACHS GROUP INC DTD 10/21/2025 VAR CPN 10/21/2029 CALLABLE MOODY'S RATING A2 CUSIP 38141GD27	1,025,000.00 100.0000	1,015,436.75 99.0670	0.49	9,563.25-	18,919.22
1,500,000	GUARDIAN LIFE DTD 10/06/2025 4.327% 10/06/2030 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA1 CUSIP 40139LBN2	1,500,000.00 100.0000	1,482,855.00 98.8570	0.72	17,145.00-	31,551.04
1,205,000	GUARDIAN LIFE GLOBAL FDG MEDIUM TERM NOTE DTD 09/26/2024 4.179% 09/26/2029 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA1 CUSIP 40139LBJ1	1,205,000.00 100.0000	1,193,865.80 99.0760	0.58	11,134.20-	699.40

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,663,000	HOME DEPOT INC DTD 06/17/19 2.950 06/15/2029 MOODY'S RATING A2 CUSIP 437076BY7	1,593,203.89 95.8030	1,599,972.30 96.2100	0.78	6,768.41	14,445.00
1,000,000	HOME DEPOT INC DTD 06/25/2024 4.750% 06/25/2029 CALLABLE MOODY'S RATING A2 CUSIP 437076DC3	992,260.00 99.2260	1,015,370.00 101.5370	0.49	23,110.00	12,666.67
422,775.04	HONDA AUTO RECEIVABLES OWNER ASSET BCKD SEC SER 2024-2 CL A3 DTD 05/21/2024 5.270% 11/20/2028 CALLABLE CUSIP 437930AC4	422,723.67 99.9879	426,000.81 100.7630	0.21	3,277.14	804.56
445,778.68	HONDA AUTO RECEIVABLES OWNER DTD 11/08/2023 5.670% 06/21/2028 ASSET BCKD SEC SER 2023-4 CL A3 NON CALLABLE MOODY'S RATING AAA CUSIP 438123AC5	446,882.15 100.2476	449,652.50 100.8690	0.22	2,770.35	702.10
635,000	HYUNDAI AUTO LEASE SECURITIZAT ASSET BCKD SEC SER 2026-A CL A3 DTD 01/21/2026 3.970% 12/15/2028 CALLABLE 144A PRIVATE PLACEMENT CUSIP 448970AD5	634,906.91 99.9854	632,726.70 99.6420	0.31	2,180.21-	1,120.42
376,474.4	HYUNDAI AUTO LEASE SECURITIZAT ASSET BCKD SEC SER 2024-B CL A3 DTD 05/22/2024 5.410% 05/17/2027 CALLABLE 144A PRIVATE PLACEMENT CUSIP 44934FAD7	376,463.94 99.9972	377,336.53 100.2290	0.18	872.59	905.21

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
2,460,000	INTER-AMERICAN DEVEL BK DTD 04/20/21 0.875 04/20/2026 MOODY'S RATING AAA CUSIP 4581X0DV7	2,448,733.20 99.5420	2,456,137.80 99.8430	1.19	7,404.60	9,626.46
1,750,000	INTL BANK RECON & DEVELOPMENT DTD 10/16/2024 3.875% 10/16/2029 NON CALLABLE MOODY'S RATING AAA CUSIP 459058LN1	1,721,510.00 98.3720	1,750,630.00 100.0360	0.85	29,120.00	31,080.73
1,700,000	INTL BK RECON & DEVELOP DTD 03/20/2025 4.125% 03/20/2030 NON CALLABLE MOODY'S RATING AAA CUSIP 459058LR2	1,694,220.00 99.6600	1,713,770.00 100.8100	0.83	19,550.00	2,142.71
1,000,000	JOHN DEERE CAPITAL CORP MEDIUM TERM NOTE DTD 07/24/2025 4.375% 10/15/2030 NON CALLABLE MOODY'S RATING A1 CUSIP 24422EYF0	1,006,920.00 100.6920	998,530.00 99.8530	0.48	8,390.00-	20,173.61
1,060,000	JOHN DEERE CAPITAL CORP MEDIUM TERM NOTE DTD 03/10/2026 4.200% 03/10/2031 NON CALLABLE MOODY'S RATING A1 CUSIP 24422EYL7	1,059,766.80 99.9780	1,049,940.60 99.0510	0.51	9,826.20-	2,597.00
390.26	JOHN DEERE OWNER TRUST ASSET BCKD SEC SER 2022-B CL A3 DTD 07/20/2022 3.740% 02/16/2027 NON CALLABLE MOODY'S RATING AAA CUSIP 47800AAC4	390.22 99.9898	390.19 99.9820	0.00	0.03-	0.65

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
111,819.13	JOHN DEERE OWNER TRUST ASSET BCKD SEC SER 2022-C CL A3 DTD 10/19/2022 5.090% 06/15/2027 CALLABLE MOODY'S RATING AAA CUSIP 47800BAC2	111,810.45 99.9923	111,922.00 100.0920	0.05	111.55	252.96
407,838.61	JOHN DEERE OWNER TRUST ASSET BCKD SEC SER 2024-A CL A3 DTD 03/19/2024 4.960% 11/15/2028 CALLABLE MOODY'S RATING AAA CUSIP 47800RAD5	407,647.44 99.9531	410,216.31 100.5830	0.20	2,568.87	899.06
1,500,000	JPMORGAN CHASE & CO DTD 07/23/18 07/23/2029 MOODY'S RATING A1 CUSIP 46647PAV8	1,496,610.00 99.7740	1,491,375.00 99.4250	0.72	5,235.00-	11,908.50
1,400,000	MARSH & MCLENNAN COS INC DTD 11/08/2024 4.650% 03/15/2030 CALLABLE MOODY'S RATING A3 CUSIP 571748CA8	1,397,340.00 99.8100	1,409,982.00 100.7130	0.68	12,642.00	2,893.33
1,000,000	MASSMUTUAL GLBL FDG II MEDIUM TERM NOTE DTD 05/07/2025 4.550% 05/07/2030 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA3 CUSIP 57629TBX4	998,670.00 99.8670	996,750.00 99.6750	0.48	1,920.00-	18,200.00
945,000	MASTERCARD INC DTD 03/09/2023 4.875% 03/09/2028 CALLABLE MOODY'S RATING AA3 CUSIP 57636QAW4	944,083.35 99.9030	959,014.35 101.4830	0.46	14,931.00	2,815.31

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,045,000	MERCEDES-BENZ AUTO LEASE TRUST ASSET BCKD SEC SER 2025-B CL A3 DTD 10/22/2025 4.520% 04/16/2029 CALLABLE CUSIP 58770XAD5	1,044,828.52 99.9836	1,039,346.55 99.4590	0.50	5,481.97-	2,099.29
570,000	MERCEDES-BENZ AUTO LEASE TRUST ASSET BCKD SEC SER 2026-A CL A3 DTD 01/21/2026 3.930% 01/15/2030 CALLABLE MOODY'S RATING AAA CUSIP 58770YAD3	569,886.97 99.9802	566,739.60 99.4280	0.27	3,147.37-	995.60
576,097.07	MERCEDES-BENZ AUTO RECEIVABLES TRUST ASSET BCKD SEC SER 2023-2 CL A3 DTD 10/25/2023 5.950% 11/15/2028 CALLABLE CUSIP 58769FAC9	588,294.13 102.1172	581,990.54 101.0230	0.28	6,303.59-	1,523.46
1,310,000	MET TOWER GLOBAL FUNDING MEDIUM TERM NOTE DTD 01/14/2026 4.000% 01/14/2029 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA3 CUSIP 58989V2M5	1,308,310.10 99.8710	1,296,271.20 98.9520	0.63	12,038.90-	11,207.78
1,500,000	META PLATFORMS INC DTD 11/03/2025 4.200% 11/15/2030 CALLABLE MOODY'S RATING AA3 CUSIP 30303MAB8	1,502,895.00 100.1930	1,485,450.00 99.0300	0.72	17,445.00-	25,900.00
912,000	META PLATFORMS INC DTD 08/09/2024 4.300% 08/15/2029 CALLABLE MOODY'S RATING AA3 CUSIP 30303M8S4	910,584.09 99.8448	916,067.52 100.4460	0.44	5,483.43	5,010.93

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,950,000	MORGAN STANLEY BANK DTD 07/19/2024 VAR CPN 07/14/2028 CALLABLE MOODY'S RATING AA3 CUSIP 61690U8E3	1,950,000.00 100.0000	1,961,563.50 100.5930	0.95	11,563.50	20,720.70
1,470,000	MORGAN STANLEY SR MEDIUM TERM NOTE DTD 10/22/2025 VAR CPN 10/18/2029 CALLABLE MOODY'S RATING A1 CUSIP 61748UAK8	1,470,184.60 100.0126	1,452,948.00 98.8400	0.70	17,236.60-	26,833.50
1,000,000	NATIONAL RURAL UTILS COOP MEDIUM TERM NOTE DTD 02/07/2025 4.950% 02/07/2030 CALLABLE MOODY'S RATING A2 CUSIP 63743HFX5	1,002,873.61 100.2874	1,017,360.00 101.7360	0.49	14,486.39	7,425.00
1,000,000	NEW YORK LIFE GLOBAL FDG DTD 06/06/2024 5.000% 06/06/2029 MEDIUM TERM NOTE NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA1 CUSIP 64952WFG3	994,880.00 99.4880	1,016,400.00 101.6400	0.49	21,520.00	15,972.22
1,365,000	NEW YORK LIFE GLOBAL FDG DTD 12/05/2024 4.600% 12/05/2029 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA1 CUSIP 64952WFK4	1,364,221.95 99.9430	1,373,012.55 100.5870	0.67	8,790.60	20,232.33
1,000,000	NORTHWESTERN MUTUAL GLBL MEDIUM TERM NOTE DTD 06/03/2025 4.600% 06/03/2030 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA1 CUSIP 66815L2W8	1,004,040.00 100.4040	1,001,120.00 100.1120	0.49	2,920.00-	15,077.78

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,020,000	NORTHWESTERN MUTUAL GBLB DTD 01/13/2026 4.300% 01/13/2031 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA1 CUSIP 66815L2Z1	1,019,908.20 99.9910	1,005,638.40 98.5920	0.49	14,269.80-	9,503.00
1,865,000	PACCAR FINANCIAL CORP MEDIUM TERM NOTE DTD 11/07/2025 4.000% 11/07/2028 NON CALLABLE MOODY'S RATING A1 CUSIP 69371RU20	1,863,955.60 99.9440	1,858,341.95 99.6430	0.90	5,613.65-	29,840.00
1,000,000	PACIFIC LIFE GF II DTD 02/03/2026 4.375% 02/03/2031 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA3 CUSIP 6944PL3M9	1,001,380.00 100.1380	992,870.00 99.2870	0.48	8,510.00-	7,048.61
1,500,000	PEPSICO INC DTD 07/17/2024 4.500% 07/17/2029 CALLABLE MOODY'S RATING A1 CUSIP 713448FX1	1,497,675.00 99.8450	1,514,415.00 100.9610	0.73	16,740.00	13,875.00
1,750,000	PRICOA GLOBAL FDG MEDIUM TERM NOTE DTD 11/25/2025 4.350% 11/25/2030 NON CALLABLE 144A PRIVATE PLACEMENT MOODY'S RATING AA3 CUSIP 74153WCZ0	1,749,440.00 99.9680	1,731,957.50 98.9690	0.84	17,482.50-	26,643.75
1,500,000	PROGRESSIVE CORP DTD 10/23/18 4.000 03/01/2029 MOODY'S RATING A2 CUSIP 743315AV5	1,455,495.00 97.0330	1,493,130.00 99.5420	0.72	37,635.00	5,000.00

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,500,000	PROLOGIS LP DTD 02/01/20 4.375 02/01/2029 MOODY'S RATING A2 CUSIP 74340XBL4	1,481,235.00 98.7490	1,500,810.00 100.0540	0.73	19,575.00	10,937.50
1,463,000	REALTY INCOME CORP DTD 01/15/2024 4.000% 07/15/2029 CALLABLE MOODY'S RATING A3 CUSIP 756109CB8	1,419,212.41 97.0070	1,446,629.03 98.8810	0.70	27,416.62	12,354.22
2,000,000	ROYAL BANK OF CANADA MEDIUM TERM NOTE CONVERTIBLE DTD 01/19/2024 4.950% 02/01/2029 NON CALLABLE MOODY'S RATING A1 CUSIP 78016HZV5	2,019,920.00 100.9960	2,034,440.00 101.7220	0.99	14,520.00	16,500.00
1,355,000	SALESFORCE INC DTD 03/13/2026 4.500% 03/15/2028 CALLABLE MOODY'S RATING A2 CUSIP 79466LAQ7	1,358,284.45 100.2424	1,355,352.30 100.0260	0.66	2,932.15-	3,048.75
2,000,000	SIMON PROPERTY GROUP LP DTD 07/09/20 2.650 07/15/2030 MOODY'S RATING A3 CUSIP 828807DK0	1,853,380.00 92.6690	1,857,340.00 92.8670	0.90	3,960.00	11,188.89
617,017.18	TOYOTA AUTO RECEIVABLES OWNER ASSET BCKD SEC SER 2023-C CL A3 DTD 08/15/2023 5.160% 04/17/2028 CALLABLE CUSIP 89231FAD2	614,510.55 99.5938	619,812.27 100.4530	0.30	5,301.72	1,415.03
1,445,000	TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE DTD 01/09/2025 4.950% 01/09/2030 NON CALLABLE MOODY'S RATING A1 CUSIP 89236TNA9	1,441,907.70 99.7860	1,468,437.90 101.6220	0.71	26,530.20	16,292.38

STATEMENT OF ASSETS AND LIABILITIES
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ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,080,000	TOYOTA MTR CR CORP DTD 01/12/2026 4.200% 01/10/2031 NON CALLABLE MOODY'S RATING A1 CUSIP 89236TPH2	1,079,665.20 99.9690	1,065,117.60 98.6220	0.52	14,547.60-	9,954.00
3,250,000	UNITED STATES TREASURY NOTES DTD 06/30/2022 3.250% 06/30/2027 MOODY'S RATING AA1 CUSIP 91282CEW7	3,260,312.50 100.3173	3,227,412.50 99.3050	1.56	32,900.00-	26,552.14
400,000	UNITED STATES TREASURY NOTES DTD 07/31/2022 2.750% 07/31/2027 MOODY'S RATING AA1 CUSIP 91282CFB2	393,218.75 98.3047	394,392.00 98.5980	0.19	1,173.25	1,823.20
4,500,000	UNITED STATES TREASURY NOTES DTD 08/31/2022 3.125% 08/31/2027 MOODY'S RATING AA1 CUSIP 91282CFH9	4,468,902.34 99.3090	4,455,900.00 99.0200	2.16	13,002.34-	12,228.26
3,450,000	UNITED STATES TREASURY NOTES DTD 09/30/2022 4.125% 09/30/2027 MOODY'S RATING AA1 CUSIP 91282CFM8	3,421,152.34 99.1639	3,464,145.00 100.4100	1.68	42,992.66	388.83
850,000	UNITED STATES TREASURY NOTES DTD 11/30/2022 3.875% 11/30/2027 MOODY'S RATING AA1 CUSIP 91282CFZ9	852,656.25 100.3125	850,501.50 100.0590	0.41	2,154.75-	11,039.49
2,750,000	UNITED STATES TREASURY NOTES DTD 12/31/2022 3.875% 12/31/2027 MOODY'S RATING AA1 CUSIP 91282CGC9	2,775,107.42 100.9130	2,751,925.00 100.0700	1.33	23,182.42-	26,787.81
3,000,000	UNITED STATES TREASURY NOTES DTD 01/31/2023 3.500% 01/31/2028 MOODY'S RATING AA1 CUSIP 91282CGH8	2,957,929.69 98.5977	2,982,900.00 99.4300	1.45	24,970.31	17,403.32

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
3,700,000	UNITED STATES TREASURY NOTES DTD 02/28/2023 4.000% 02/29/2028 MOODY'S RATING AA1 CUSIP 91282CGP0	3,699,113.28 99.9760	3,712,136.00 100.3280	1.80	13,022.72	12,869.57
4,500,000	UNITED STATES TREASURY NOTES DTD 02/28/2023 4.000% 02/28/2030 MOODY'S RATING AA1 CUSIP 91282CGQ8	4,496,958.99 99.9324	4,517,055.00 100.3790	2.19	20,096.01	15,652.17
5,000,000	UNITED STATES TREASURY NOTES DTD 07/31/2023 4.000% 07/31/2030 MOODY'S RATING AA1 CUSIP 91282CHR5	5,089,062.50 101.7813	5,015,800.00 100.3160	2.43	73,262.50-	33,149.17
2,500,000	UNITED STATES TREASURY NOTES DTD 12/15/2023 4.375% 12/15/2026 MOODY'S RATING AA1 CUSIP 91282CJP7	2,525,097.66 101.0039	2,510,725.00 100.4290	1.22	14,372.66-	32,151.44
2,300,000	UNITED STATES TREASURY NOTES DTD 03/31/2024 4.125% 03/31/2029 MOODY'S RATING AA1 CUSIP 91282CKG5	2,249,867.19 97.8203	2,319,136.00 100.8320	1.12	69,268.81	259.22
2,300,000	UNITED STATES TREASURY NOTES DTD 04/15/2024 4.500% 04/15/2027 MOODY'S RATING AA1 CUSIP 91282CKJ9	2,283,109.38 99.2656	2,317,503.00 100.7610	1.12	34,393.62	47,769.23
3,200,000	UNITED STATES TREASURY NOTES DTD 05/15/2024 4.500% 05/15/2027 MOODY'S RATING AA1 CUSIP 91282CKR1	3,186,500.00 99.5781	3,223,488.00 100.7340	1.56	36,988.00	54,497.24
2,000,000	UNITED STATES TREASURY NOTES DTD 06/30/2024 4.250% 06/30/2029 MOODY'S RATING AA1 CUSIP 91282CKX8	1,985,546.88 99.2774	2,024,220.00 101.2110	0.98	38,673.12	21,367.40

STATEMENT OF ASSETS AND LIABILITIES
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ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
3,500,000	UNITED STATES TREASURY NOTES DTD 08/31/2024 3.625% 08/31/2029 MOODY'S RATING AA1 CUSIP 91282CLK5	3,527,480.47 100.7852	3,473,190.00 99.2340	1.68	54,290.47-	11,032.61
5,000,000	UNITED STATES TREASURY NOTES DTD 09/30/2024 3.500% 09/30/2029 MOODY'S RATING AA1 CUSIP 91282CLN9	4,925,039.06 98.5008	4,939,850.00 98.7970	2.39	14,810.94	478.14
3,000,000	UNITED STATES TREASURY NOTES DTD 10/31/2024 4.125% 10/31/2029 MOODY'S RATING AA1 CUSIP 91282CLR0	2,993,789.06 99.7930	3,024,600.00 100.8200	1.47	30,810.94	51,961.33
4,400,000	UNITED STATES TREASURY NOTES DTD 12/31/2024 4.375% 12/31/2029 MOODY'S RATING AA1 CUSIP 91282CMD0	4,369,171.88 99.2994	4,474,404.00 101.6910	2.17	105,232.12	48,390.88
4,000,000	UNITED STATES TREASURY NOTES DTD 01/31/2025 4.250% 01/31/2030 MOODY'S RATING AA1 CUSIP 91282CMG3	3,983,906.25 99.5977	4,050,640.00 101.2660	1.96	66,733.75	28,176.80
5,000,000	UNITED STATES TREASURY NOTES DTD 06/30/2025 3.875% 06/30/2030 CUSIP 91282CNK3	5,020,507.81 100.4102	4,992,400.00 99.8480	2.42	28,107.81-	48,705.11
5,000,000	UNITED STATES TREASURY NOTES DTD 08/31/2025 3.625% 08/31/2030 MOODY'S RATING AA1 CUSIP 91282CNX5	4,991,425.79 99.8285	4,938,650.00 98.7730	2.39	52,775.79-	15,760.87
5,000,000	UNITED STATES TREASURY NOTES DTD 09/15/2025 3.375% 09/15/2028 CUSIP 91282CNY3	4,982,812.50 99.6563	4,948,450.00 98.9690	2.40	34,362.50-	7,795.52

STATEMENT OF ASSETS AND LIABILITIES
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ACCOUNT NUMBER [REDACTED]

STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
5,000,000	UNITED STATES TREASURY NOTES DTD 09/30/2025 3.625% 09/30/2030 MOODY'S RATING AA1 CUSIP 91282CPA3	5,008,789.06 100.1758	4,937,700.00 98.7540	2.39	71,089.06-	495.22
1,750,000	UNITED STATES TREASURY NOTES DTD 11/30/2025 3.500% 11/30/2030 CUSIP 91282CPN5	1,731,816.41 98.9610	1,717,800.00 98.1600	0.83	14,016.41-	20,528.85
2,000,000	UNITEDHEALTH GROUP INC DTD 07/25/19 2.875 08/15/2029 MOODY'S RATING A2 CUSIP 91324PDS8	1,906,080.00 95.3040	1,906,560.00 95.3280	0.92	480.00	7,347.22
2,500,000	US TREASURY NOTE DTD 04/30/21 0.750 04/30/2026 MOODY'S RATING AA1 CUSIP 91282CBW0	2,493,652.34 99.7461	2,494,100.00 99.7640	1.21	447.66	7,881.18
1,400,000	US TREASURY NOTE DTD 09/30/21 0.875 09/30/2026 MOODY'S RATING AA1 CUSIP 91282CCZ2	1,379,054.68 98.5039	1,380,274.00 98.5910	0.67	1,219.32	66.58
1,400,000	US TREASURY NOTE DTD 11/01/21 1.125 10/31/2026 CUSIP 91282CDG3	1,391,468.75 99.3906	1,378,692.00 98.4780	0.67	12,776.75-	6,613.26
1,345,000	VISA INC DTD 02/12/2026 4.100% 02/12/2031 CALLABLE MOODY'S RATING AA3 CUSIP 92826CAZ5	1,343,197.70 99.8660	1,343,668.45 99.9010	0.65	470.75	7,505.85
350,000	WALMART INC DTD 09/17/21 1.050 09/17/2026 MOODY'S RATING AA2 CUSIP 931142ER0	349,338.50 99.8110	345,376.50 98.6790	0.17	3,962.00-	142.92

STATEMENT OF ASSETS AND LIABILITIES
AS OF MARCH 31, 2026

CITY OF CUPERTINO
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STATEMENT OF ASSETS AND LIABILITIES

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	% TOTAL MARKET	UNREALIZED GAIN/LOSS	ACCRUED INCOME
1,365,000	WELLS FARGO CARD ISSUANCE TRUST ASSET BCKD SEC SER 2025-A1 CL A DTD 06/10/2025 4.340% 05/15/2030 NON CALLABLE CUSIP 92970QAJ4	1,364,977.34 99.9984	1,372,084.35 100.5190	0.66	7,107.01	2,632.93
=====						
TOTAL BOND & NOTES		202,560,004.70	203,253,381.34	98.48	693,376.64	1,408,525.65
=====						
TOTAL INVESTMENTS		205,683,014.84	206,383,253.63	100.00	700,238.79	1,411,870.03
TOTAL ACCRUALS		1,411,870.03	1,411,870.03			
=====						
TOTAL ACCRUALS AND INVESTMENTS		207,094,884.87	207,795,123.66			

CASH SUMMARY
 FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
 ACCOUNT NUMBER [REDACTED]

CASH SUMMARY

DESCRIPTION	PRINCIPAL CASH	INCOME CASH
BEGINNING BALANCE	0.00	0.00
RECEIPTS		
NET INTEREST COLLECTED	0.00	1,111,617.01
TRANSFER RECEIPTS	1,111,617.01	0.00
SALES	432,430.01	0.00
CASH MANAGEMENT SALES	2,430,222.01	0.00
TOTAL CASH RECEIPTS	3,974,269.03	1,111,617.01
DISBURSEMENTS		
INVESTMENT MANAGEMENT EXPENSES	12,097.67-	0.00
TRANSFER DISBURSEMENTS	0.00	1,111,617.01-
PURCHASES	2,418,051.25-	0.00
CASH MANAGEMENT PURCHASES	1,544,120.11-	0.00
TOTAL CASH DISBURSEMENTS	3,974,269.03-	1,111,617.01-
=====		
ENDING BALANCE	0.00	0.00

STATEMENT OF TRANSACTIONS
 FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
 ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
		BEGINNING BALANCE	<u>0.00</u>	<u>204,584,071.31</u>	
		CASH EQUIVALENTS			
03/02/26		INTEREST RECEIVED AS 100% TREAS MM FD-SVC CL #008 INTEREST FROM 2/1/26 TO 2/28/26	8,244.87		
03/02/26		INTEREST RECEIVED PRINCIPAL PUBLIC DEPOSIT SWEEP PRGRM INTEREST FROM 2/1/26 TO 2/28/26	73.09		
03/31/26	1,544,047.02	CASH SWEEP PURCHASES FOR STMT PERIOD AS 100% TREAS MM FD-SVC CL #008 12 TRANSACTIONS	1,544,047.02-	1,544,047.02	
03/31/26	73.09	CASH SWEEP PURCHASES FOR STMT PERIOD PRINCIPAL PUBLIC DEPOSIT SWEEP PRGRM 1 TRANSACTIONS	73.09-	73.09	
03/31/26	2,430,222.01-	CASH SWEEP SALES FOR STMT PERIOD AS 100% TREAS MM FD-SVC CL #008 4 TRANSACTIONS	2,430,222.01	2,430,222.01-	
		BONDS & NOTES			
03/16/26		INTEREST RECEIVED AMER EXPR CREDIT ABS 4.280% 4/15/30 CUSIP 02582JKP4 \$0.00357/PV ON 1,420,000.00 PV DUE 3/15/26	5,064.67		
03/05/26		INTEREST RECEIVED AMERICAN HONDA MTN 4.400% 9/05/29 CUSIP 02665WFQ9 INTEREST ON 1,750,000.000 UNITS	38,500.00		

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/16/26		INTEREST RECEIVED BANK OF AMERICA ABS 4.930% 5/15/29 CUSIP 05522RDJ4 \$0.00411/PV ON 785,000.00 PV DUE 3/15/26	3,225.04		
03/16/26		INTEREST RECEIVED BERKSHIRE HATH 2.300% 3/15/27 CUSIP 084664CZ2 INTEREST ON 1,615,000.000 UNITS	18,572.50		
03/16/26		INTEREST RECEIVED BK OF AMERICA ABS 4.980% 11/15/28 CUSIP 05522RDH8 \$0.00415/PV ON 850,000.00 PV DUE 3/15/26	3,527.50		
03/25/26		INTEREST RECEIVED BMW VEHICLE LEA ABS 3.970% 9/25/28 CUSIP 05594HAD5 \$0.00331/PV ON 1,050,000.00 PV DUE 3/25/26	3,473.75		
03/25/26		INTEREST RECEIVED BMW VEHICLE OWN ABS 5.180% 2/26/29 CUSIP 096919AD7 \$0.00368/PV ON 592,121.75 PV DUE 3/25/26	2,555.99		
03/25/26	39,697.22-	PAID DOWN BMW VEHICLE OWN ABS 5.180% 2/26/29 CUSIP 096919AD7	39,697.22	39,691.19-	6.03
03/03/26		INTEREST RECEIVED CHARLES SCHWAB CORP 2.450% 3/03/27 CUSIP 808513BY0 INTEREST ON 960,000.000 UNITS	11,760.00		

STATEMENT OF TRANSACTIONS
 FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
 ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/16/26		INTEREST RECEIVED CHASE ISSUANCE ABS 4.600% 1/16/29 CUSIP 161571HV9 \$0.00383/PV ON 1,690,000.00 PV DUE 3/15/26	6,478.33		
03/25/26		INTEREST RECEIVED FED HOME LN MTG CORP 2.595% 9/25/29 CUSIP 3137FPJG1 \$0.00216/PV ON 1,500,000.00 PV DUE 3/25/26	3,243.75		
03/25/26		INTEREST RECEIVED FED HOME LN MTG CORP 2.982% 5/25/29 CUSIP 3137FMCR1 \$0.00244/PV ON 1,967,475.38 PV DUE 3/25/26	4,889.18		
03/25/26	2,765.88-	PAID DOWN FED HOME LN MTG CORP 2.982% 5/25/29 CUSIP 3137FMCR1	2,765.88	2,668.43-	97.45
03/25/26		INTEREST RECEIVED FED HOME LN MTG CORP 3.563% 1/25/29 CUSIP 3137FL6P4 \$0.00297/PV ON 1,288,000.00 PV DUE 3/25/26	3,824.29		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 2.069% 1/25/30 CUSIP 3137FRUT6 \$0.00172/PV ON 2,000,000.00 PV DUE 3/25/26	3,448.33		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 2.108% 1/25/31 CUSIP 3137FXZ35 \$0.00176/PV ON 1,000,000.00 PV DUE 3/25/26	1,756.67		

STATEMENT OF TRANSACTIONS
 FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
 ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 2.425% 8/25/29 CUSIP 3137FPHK4 \$0.00202/PV ON 1,600,000.00 PV DUE 3/25/26	3,233.33		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 2.653% 8/25/26 CUSIP 3137BSP72 \$0.00221/PV ON 650,000.00 PV DUE 3/25/26	1,437.04		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 2.785% 6/25/29 CUSIP 3137FNAE0 \$0.00232/PV ON 2,200,000.00 PV DUE 3/25/26	5,105.83		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 3.505% 3/25/29 CUSIP 3137FLN91 \$0.00292/PV ON 2,500,000.00 PV DUE 3/25/26	7,302.08		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 3.690% 1/25/29 CUSIP 3137FKZZ2 \$0.00308/PV ON 2,550,000.00 PV DUE 3/25/26	7,841.25		
03/25/26		INTEREST RECEIVED FHLMC MULTIFAMILY ST 3.771% 12/25/28 CUSIP 3137FKUP9 \$0.00305/PV ON 1,938,959.12 PV DUE 3/25/26	6,093.18		

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/25/26	2,767.72-	PAID DOWN FHLMC MULTIFAMILY ST 3.771% 12/25/28 CUSIP 3137FKUP9	2,767.72	2,647.82-	119.90
03/25/26		INTEREST RECEIVED FHLMC SER K110 CMO 1.477% 4/25/30 CUSIP 3137FTZQ3 \$0.00123/PV ON 1,500,000.00 PV DUE 3/25/26	1,846.25		
03/25/26		INTEREST RECEIVED FHLMC SER K115 CMO 1.383% 6/25/30 CUSIP 3137FWG79 \$0.00115/PV ON 2,000,000.00 PV DUE 3/25/26	2,305.00		
03/25/26		INTEREST RECEIVED FHLMC SER K748 CMO 2.260% 1/25/29 CUSIP 3137H5YC5 \$0.00188/PV ON 2,000,000.00 PV DUE 3/25/26	3,766.67		
03/16/26		INTEREST RECEIVED GM FINANCIAL ABS 4.850% 12/18/28 CUSIP 36268GAD7 \$0.00287/PV ON 929,154.92 PV DUE 3/16/26	3,755.34		
03/16/26	66,959.56-	PAID DOWN GM FINANCIAL ABS 4.850% 12/18/28 CUSIP 36268GAD7 AT \$890.8536 ON TRADE DATE 03/16/2026	66,959.56	66,853.38-	106.18
03/26/26		INTEREST RECEIVED GUARDIAN LIFE MTN 4.179% 9/26/29 CUSIP 40139LBJ1 INTEREST ON 1,205,000.000 UNITS	25,178.48		

STATEMENT OF TRANSACTIONS
 FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
 ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/18/26		INTEREST RECEIVED HONDA AUTO RECE ABS 5.270% 11/20/28 CUSIP 437930AC4 \$0.00372/PV ON 453,307.78 PV DUE 3/18/26	1,990.78		
03/18/26	30,532.74-	PAID DOWN HONDA AUTO RECE ABS 5.270% 11/20/28 CUSIP 437930AC4	30,532.74	30,529.03-	3.71
03/23/26		INTEREST RECEIVED HONDA AUTO RECE ABS 5.670% 6/21/28 CUSIP 438123AC5 \$0.00285/PV ON 485,004.22 PV DUE 3/21/26	2,291.65		
03/23/26	39,225.54-	PAID DOWN HONDA AUTO RECE ABS 5.670% 6/21/28 CUSIP 438123AC5 TO SETTLE ON 03/23/2026	39,225.54	39,322.63-	97.09-
03/16/26		INTEREST RECEIVED HYUNDAI AUTO ABS 3.970% 12/15/28 CUSIP 448970AD5 \$0.00331/PV ON 635,000.00 PV DUE 3/15/26	2,100.79		
03/16/26		INTEREST RECEIVED HYUNDAI AUTO ABS 5.410% 5/17/27 CUSIP 44934FAD7 \$0.00324/PV ON 438,981.82 PV DUE 3/15/26	1,979.08		
03/16/26	62,507.42-	PAID DOWN HYUNDAI AUTO ABS 5.410% 5/17/27 CUSIP 44934FAD7 AT \$262.2519 ON TRADE DATE 03/15/2026 TO SETTLE ON 03/16/2026	62,507.42	62,505.68-	1.74

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/20/26		INTEREST RECEIVED INTL BK RECON & DEV 4.125% 3/20/30 CUSIP 459058LR2 INTEREST ON 1,700,000.000 UNITS	35,071.00		
03/10/26	1,060,000	PURCHASED JOHN DEERE CAP MTN 4.200% 3/10/31 CUSIP 24422EYL7 AT \$99.9780 ON TRADE DATE 03/05/2026 TO SETTLE ON 03/10/2026 CITIGROUP GBL MKTS/SALOMON BRO	1,059,766.80-	1,059,766.80	
03/16/26		INTEREST RECEIVED JOHN DEERE OWNE ABS 5.090% 6/15/27 CUSIP 47800BAC2 \$0.00058/PV ON 144,489.53 PV DUE 3/15/26	612.88		
03/16/26	32,670.4-	PAID DOWN JOHN DEERE OWNE ABS 5.090% 6/15/27 CUSIP 47800BAC2 AT \$501.7596 ON TRADE DATE 03/15/2026 TO SETTLE ON 03/16/2026	32,670.40	32,667.86-	2.54
03/16/26		INTEREST RECEIVED JOHN DEERE OWNER ABS 3.740% 2/16/27 CUSIP 47800AAC4 \$0.00010/PV ON 20,575.84 PV DUE 3/15/26	64.13		
03/16/26	20,185.58-	PAID DOWN JOHN DEERE OWNER ABS 3.740% 2/16/27 CUSIP 47800AAC4 AT \$812.0989 ON TRADE DATE 03/15/2026 TO SETTLE ON 03/16/2026	20,185.58	20,183.65-	1.93

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/16/26		INTEREST RECEIVED JOHN DEERE OWNER ABS 4.960% 11/15/28 CUSIP 47800RAD5 \$0.00355/PV ON 429,889.46 PV DUE 3/15/26	1,776.88		
03/16/26	22,050.85-	PAID DOWN JOHN DEERE OWNER ABS 4.960% 11/15/28 CUSIP 47800RAD5 AT \$743.4039 ON TRADE DATE 03/15/2026 TO SETTLE ON 03/16/2026	22,050.85	22,040.51-	10.34
03/16/26		INTEREST RECEIVED MARSH & MCLENNAN COS 4.650% 3/15/30 CUSIP 571748CA8 INTEREST ON 1,400,000.000 UNITS	32,550.00		
03/09/26		INTEREST RECEIVED MASTERCARD INC 4.875% 3/09/28 CUSIP 57636QAW4 INTEREST ON 945,000.000 UNITS	23,034.38		
03/16/26		INTEREST RECEIVED MERCEDES-BENZ ABS 3.930% 1/15/30 CUSIP 58770YAD3 \$0.00328/PV ON 570,000.00 PV DUE 3/15/26	1,866.75		
03/16/26		INTEREST RECEIVED MERCEDES-BENZ ABS 4.520% 4/16/29 CUSIP 58770XAD5 \$0.00323/PV ON 1,045,000.00 PV DUE 3/15/26	3,378.83		
03/16/26		INTEREST RECEIVED MERCEDES-BENZ ABS 5.950% 11/15/28 CUSIP 58769FAC9 \$0.00283/PV ON 627,133.75 PV DUE 3/15/26	3,109.54		

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/16/26	51,036.68-	PAID DOWN MERCEDES-BENZ ABS 5.950% 11/15/28 CUSIP 58769FAC9 AT \$321.1942 ON TRADE DATE 03/15/2026 TO SETTLE ON 03/16/2026	51,036.68	52,117.22-	1,080.54-
03/02/26		INTEREST RECEIVED PROGRESSIVE CORP 4.000% 3/01/29 CUSIP 743315AV5 INTEREST ON 1,500,000.000 UNITS	30,000.00		
03/13/26	680,000	PURCHASED SALESFORCE INC 4.500% 3/15/28 CUSIP 79466LAQ7 AT \$100.2140 ON TRADE DATE 03/12/2026 TO SETTLE ON 03/13/2026 J.P. MORGAN SECURITIES INC., -	681,455.20-	681,455.20	
03/13/26	675,000	PURCHASED SALESFORCE INC 4.500% 3/15/28 CUSIP 79466LAQ7 AT \$100.2710 ON TRADE DATE 03/12/2026 TO SETTLE ON 03/13/2026 J.P. MORGAN SECURITIES INC., -	676,829.25-	676,829.25	
03/16/26		INTEREST RECEIVED TOYOTA AUTO REC ABS 5.160% 4/17/28 CUSIP 89231FAD2 \$0.00225/PV ON 679,047.60 PV DUE 3/15/26	2,919.91		
03/16/26	62,030.42-	PAID DOWN TOYOTA AUTO REC ABS 5.160% 4/17/28 CUSIP 89231FAD2 AT \$264.2685 ON TRADE DATE 03/15/2026 TO SETTLE ON 03/16/2026	62,030.42	61,778.42-	252.00

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/02/26		INTEREST RECEIVED U.S. TREASURY NOTES 3.125% 8/31/27 CUSIP 91282CFH9 INTEREST ON 4,500,000.000 UNITS	70,312.50		
03/16/26		INTEREST RECEIVED U.S. TREASURY NOTES 3.375% 9/15/28 CUSIP 91282CNY3 INTEREST ON 5,000,000.000 UNITS	84,375.00		
03/31/26		INTEREST RECEIVED U.S. TREASURY NOTES 3.500% 9/30/29 CUSIP 91282CLN9 INTEREST ON 5,000,000.000 UNITS	87,500.00		
03/02/26		INTEREST RECEIVED U.S. TREASURY NOTES 3.625% 8/31/29 CUSIP 91282CLK5 INTEREST ON 3,500,000.000 UNITS	63,437.50		
03/02/26		INTEREST RECEIVED U.S. TREASURY NOTES 3.625% 8/31/30 CUSIP 91282CNX5 INTEREST ON 5,000,000.000 UNITS	90,625.00		
03/31/26		INTEREST RECEIVED U.S. TREASURY NOTES 3.625% 9/30/30 CUSIP 91282CPA3 INTEREST ON 5,000,000.000 UNITS	90,625.00		
03/02/26		INTEREST RECEIVED U.S. TREASURY NOTES 4.000% 2/28/30 CUSIP 91282CGQ8 INTEREST ON 4,500,000.000 UNITS	90,000.00		

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/02/26		INTEREST RECEIVED U.S. TREASURY NOTES 4.000% 2/29/28 CUSIP 91282CGP0 INTEREST ON 3,700,000.000 UNITS	74,000.00		
03/31/26		INTEREST RECEIVED U.S. TREASURY NOTES 4.125% 3/31/29 CUSIP 91282CKG5 INTEREST ON 2,300,000.000 UNITS	47,437.50		
03/31/26		INTEREST RECEIVED U.S. TREASURY NOTES 4.125% 9/30/27 CUSIP 91282CFM8 INTEREST ON 3,450,000.000 UNITS	71,156.25		
03/31/26		INTEREST RECEIVED US TREASURY NOTE 0.875% 9/30/26 CUSIP 91282CCZ2 INTEREST ON 1,400,000.000 UNITS	6,125.00		
03/17/26		INTEREST RECEIVED WALMART INC 1.050% 9/17/26 CUSIP 931142ER0 INTEREST ON 350,000.000 UNITS	1,837.50		
03/16/26		INTEREST RECEIVED WELLS FARGO CARD ABS 4.340% 5/15/30 CUSIP 92970QAJ4 \$0.00362/PV ON 1,365,000.00 PV DUE 3/15/26	4,936.75		
		TRANSFER RECEIPTS			
03/02/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	426,692.96		

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
03/03/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	11,760.00		
03/05/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	38,500.00		
03/09/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	23,034.38		
03/16/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	178,193.13		
03/17/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	3,938.29		
03/18/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	1,990.78		
03/20/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	35,071.00		
03/23/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	2,291.65		
03/25/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	62,122.59		
03/26/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	25,178.48		
03/31/26		ADDITION TO ACCOUNT TRANSFER FROM INCOME	302,843.75		

STATEMENT OF TRANSACTIONS
FOR THE PERIOD MARCH 1, 2026 THROUGH MARCH 31, 2026

CITY OF CUPERTINO
ACCOUNT NUMBER [REDACTED]

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	CASH	COST VALUE	REALIZED GAIN/LOSS
		INVESTMENT MANAGEMENT EXPENSES			
03/09/26		INVESTMENT MGMT FEE PAID TO CHANDLER ASSET MANAGEMENT INC INV 2602CUPERTIN 03-26 CITY OF CUPERTINO	12,097.67-		
		TRANSFER DISBURSEMENTS			
03/02/26		TRANSFER TO PRINCIPAL	426,692.96-		
03/03/26		TRANSFER TO PRINCIPAL	11,760.00-		
03/05/26		TRANSFER TO PRINCIPAL	38,500.00-		
03/09/26		TRANSFER TO PRINCIPAL	23,034.38-		
03/16/26		TRANSFER TO PRINCIPAL	178,193.13-		
03/17/26		TRANSFER TO PRINCIPAL	3,938.29-		
03/18/26		TRANSFER TO PRINCIPAL	1,990.78-		
03/20/26		TRANSFER TO PRINCIPAL	35,071.00-		
03/23/26		TRANSFER TO PRINCIPAL	2,291.65-		
03/25/26		TRANSFER TO PRINCIPAL	62,122.59-		
03/26/26		TRANSFER TO PRINCIPAL	25,178.48-		
03/31/26		TRANSFER TO PRINCIPAL	302,843.75-		
ENDING BALANCE			0.00	205,683,014.84	

INVESTMENT AND INSURANCE PRODUCTS ARE:
 • NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) OR ANY FEDERAL GOVERNMENT AGENCY
 • NOT A DEPOSIT, OBLIGATION OF, OR GUARANTEED BY ANY BANK OR BANKING AFFILIATE
 • SUBJECT TO INVESTMENT RISKS AND MAY LOSE VALUE, INCLUDING POSSIBLE LOSS OF PRINCIPAL AMOUNT INVESTED

CITY OF CUPERTINO
PARS Post-Employment Benefits Trust

Account Report for the Period
3/1/2026 to 3/31/2026

Jonathan Orozco
Acting Director of Administrative Services
City of Cupertino
10300 Torre Ave.
Cupertino, CA 95014

Account Summary

Source	Balance as of 3/1/2026	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 3/31/2026
OPEB	\$47,830,488.69	\$0.00	-\$2,296,760.58	\$12,103.28	\$0.00	\$0.00	\$45,521,624.83
PENSION	\$27,213,326.48	\$0.00	-\$1,313,626.71	\$6,917.14	\$0.00	\$0.00	\$25,892,782.63
Totals	\$75,043,815.17	\$0.00	-\$3,610,387.29	\$19,020.42	\$0.00	\$0.00	\$71,414,407.46

Investment Selection

Source	
OPEB	City of Cupertino - OPEB
PENSION	City of Cupertino - PEN

Investment Objective

Source	
OPEB	Individual account based on US Bank Balanced MM. Dual goals are to provide a moderate amount of current income with moderate capital growth. Income production and longer term growth of capital.
PENSION	Individual account based on US Bank Balanced MM. Dual goals are to provide a moderate amount of current income with moderate capital growth. Income production and longer term growth of capital.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-4.80%	-1.18%	15.53%	12.66%	6.04%	8.12%	6/21/2010
PENSION	-4.83%	-1.21%	15.45%	12.57%	5.96%	-	3/26/2019

Information as provided by US Bank, Trustee for PARS: Not FDIC Insured: No Bank Guarantee: May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

California State Treasurer *Fiona Ma, CPA*



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

April 01, 2026

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[PMIA Average Monthly Yields](#)

CITY OF CUPERTINO

FINANCE MANAGER
10300 TORRE AVENUE
CUPERTINO, CA 95014

[Tran Type Definitions](#)

Account Number: XXXXXXXXXX

March 2026 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	73,980,260.70
Total Withdrawal:	0.00	Ending Balance:	73,980,260.70



CITY OF CUPERTINO

Agenda Item

26-15072

Agenda Date: 4/27/2026
Agenda #: 4.

Subject: INFORMATIONAL ITEM Receive the Internal Audit and Fraud, Waste, and Abuse programs update

Receive the Internal Audit and Fraud, Waste, and Abuse programs update

Presenter: Baker Tilly

4:00(15)

April 20, 2026

To: City of Cupertino Audit Committee
 From: Baker Tilly
 Subject: Internal Audit Status Report January 17 through April 20, 2026

FY24-25 INTERNAL AUDIT PROGRAM	GRANTS MANAGEMENT INTERNAL CONTROLS REVIEW
Objective	Assess the internal controls in place over the City's grants management activities (including applications, review, administration, and reporting).
Schedule	April 2025 through October 2025
Activities for This Period	Provided draft report to the city, incorporated feedback and finalize report.
Activities for Next Period	Finalize report.
Issues	Working with City officials to finalize report

FY25-26 INTERNAL AUDIT PROGRAM	COUNCIL-WIDE POLICY REVIEW INVENTORY	INVESTMENT/CASH FLOW POLICY REVIEW/RECOMMENDATION	CITY-WIDE INTERNAL CONTROL REVIEW	ONGOING INTERNAL AUDIT SERVICES
Objective	Review and provide recommendations to align council policies with best practices.	Review and provide best practice recommendations over City's investment/cash flow policy.	Conduct a review of the City's internal controls framework in key areas that are deemed important to protecting City assets and resources.	Attend Audit Committee and Council meetings, prepare status reports, manage internal audit program, and monitor FWA hotline.
Schedule	November 2025 through March 2026	October 2025 through April 2026	December 2025 through May 2026	July 2025 through June 2026
Activities for This Period	Initiated project, held kickoff meeting, sent document request, conducted interviews, developed the draft report, and provided the final report.	Reviewed policies and developed best practice recommendations.	Performed interviews, provided preliminary observations, testing select high-risk controls.	Continue to monitor FWA hotline, perform validation continuation, and provide ongoing support to City.
Activities for Next Period	Present the report to the Audit Committee and to City Council.	Work with City on feedback and finalize policies.	Draft report, incorporate report feedback, and provide final report to the City.	Continue to monitor FWA hotline and provide ongoing support to City.
Issues	None	Working with City on feedback to finalize policies	None	None

Complaint Type	Complaints Received This Quarter	Under Review	Referred to Appropriate City Official(s)	Closed	Open
Compliance & Ethics	0	0	0	0	0
Fraud	0	0	0	0	0
Employment Matters	0	0	0	0	0

HOTLINE STATISTICS: LIFETIME (OCTOBER 2022-PRESENT)	
Total Reports	39
Reports Closed	31
Reports Open	8

OUTSTANDING REPORTS			
Open Reports	Days Outstanding	Currently being held with	Last Day BT Followed-up
Report 2000302663	788	Under Council review	4/9/26
Report 2000309461	766	Under Council review	4/9/26
Report 2000311746	758	Under Council review	4/9/26
Report 2000230154	731	Under Council review	4/9/26
Report 2000320491	729	Under Council review	4/9/26
Report 2000435031	366	Under Council review	4/9/26
Report 2000465974	276	Under Council review	4/9/26
Report 2000520302	129	Under Council review	4/9/26

City of Cupertino- Audit Recommendations Tracking Report
4/20/2026

	(A)	(B)	(C)	(D)
Reports	Total Recommendations	Open Recommendations (Not Yet Completed by City)	Validated Recommendations (By Baker Tilly)	Reportable Recommendations (Newly validated since last summary)
2022 Budget Process Review (BPR-22)	5	1	4	0
2022 Santa Clara County Civil Grand Jury - A House Divided (CGJ-AHD-2022)	8	4	4	0
2022 Santa Clara County Civil Grand Jury - Show me the Money (CGJ-SMTM-2022)	1	0	1	0
2022 Capital Program Effectiveness Study (CPES-22)	11	4	7	0
2023 Enterprise Leadership Assessment (ELA-23)	24	7	17	0
2022 Fraud, Waste, Abuse Program (FWA) (FWA-22)	3	0	3	0
2023 Library Expansion Construction Audit (LECA-23)	9	0	9	3
2022 Procurement Operational Review (POR-22)	16	7	9	0
2022 Single Audit (SA-22)	1	1	0	0
2025 Special Revenue Fund Process Review	1	1	0	0
Total	79	25	54	3

Legend:

Total Recommendations = number of recommendations in the report

Open Recommendations = number of recommendations not yet completed by City

Validated Recommendations = number of recommendations validated by Baker Tilly as completed and adequately addresses the finding

Reportable Recommendations = number of recommendations validated since last summary report for Audit Committee

Item No.	Report Year	Report Code	Finding	Recommendation	Baker Tilly Determination Notes
53	2023	LECA-23	Questioned Non-Compliant Change Order, Foreman Rate	The City should implement change order management controls to prevent charging change order labor rates in excess of contractually allowable amounts, as required by the Contract terms. The City should consider seeking credit for excess labor charges.	The City added language on the change order form to verify hourly labor rates with certified payroll substantiation and this finding was implemented.
54	2023	LECA-23	Contract Compliance – Excessive Change Order Markups	The City should review change order management controls and associated contract language to prevent incurring excessive fee markups. The City should consider whether it is worthwhile to pursue cost recovery of markups associated with the PCOs identified.	The City updated the change order form to include language about the amount to "verify that sufficient mark-ups are applied on the next change order value" to prevent excessive mark ups or change order credits in the future. This is sufficient to meet this objective.
58	2023	LECA-23	Contract Compliance – Flow Down Contract Provisions Not Included in Subcontracts	The City should consider implementing contract administration controls to ensure flow down contract provisions, are included within contracts, as required by the Contract terms. For example, the City should request a copy of a typical subcontract agreement template ahead of the design build entity's buyout process to confirm compliance with flow down requirements.	The City added language on the design build entity (DBE) contract that the DBE supersedes any agreement between the DBE and Subcontractor. This further clarifies and protects the City in any potential subrecipient dispute and satisfies this objective.



CITY OF CUPERTINO

Agenda Item

26-15073

Agenda Date: 4/27/2026
Agenda #: 5.

Subject: INFORMATIONAL ITEM Receive City Council Policy Review Final Report

Receive City Council Policy Review Final Report

Presenter: Baker Tilly

4:15(15)



As of June 3, 2025, Moss Adams LLP has merged with Baker Tilly.

Proprietary & Confidential

FINAL REPORT

City of Cupertino
CITY COUNCIL POLICY REVIEW

April 2026

Baker Tilly Advisory Group, LP
999 3rd Ave, 2800
Seattle, WA 98104

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I. Executive summary

A. Background, Scope, and Methodology

Effective governance is critical to ensuring transparency, accountability, and public trust, particularly in municipal operations where clear roles, consistent procedures, and well-defined policies guide decision-making. As part of the City of Cupertino’s (the City’s) fiscal year 25-26 internal audit program, Baker Tilly evaluated the City’s Council-related policies to identify opportunities to improve clarity, consistency, and usability, determine whether there were any major gaps, and align Council operational procedures with industry best practices.

The policies under review included:

- Council Procedures Manual
- Code of Ethics and Conduct
- Policies and Guidelines on Sister Cities, Friendship Cities, and International Delegations
- Social Media Policy
- Technology Use Policy

This assessment was primarily conducted between September 2025 and February 2026. The project’s phases included planning, fieldwork, analysis, and reporting. Fieldwork was informed by interviews, peer research, and document and data review. Based on the information gained during these phases of fieldwork and analysis, we identified areas of improvement related to the project objectives.

B. Summary of Observations and Recommendations

Our observations and recommendations are summarized below. Detailed observations and recommendations are in the **Observations and Recommendations** section.

OBSERVATIONS AND RECOMMENDATIONS		
1.	Observation	The City’s current Council policy environment lacks several key elements, including a formal policy review cycle, standardized training, and clearly defined enforcement mechanisms. These gaps may reduce the effectiveness and consistent implementation of Council-related policies.
	Recommendation	Implement a structured policy management framework that formalizes policy review, standardizes training, and clarifies enforcement procedures.
2.	Observation	While the City Council Procedures Manual addresses many foundational topics, it does not include several sections commonly found in peer city manuals.
	Recommendation	Consider revising the Manual to add or expand sections that would improve its comprehensiveness and provide clearer guidance for effective Council operations.

OBSERVATIONS AND RECOMMENDATIONS		
3.	Observation	The Code of Ethics and Conduct is a comprehensive policy; however, several areas could be strengthened to improve clarity and implementation.
	Recommendation	Consider targeted updates to the Code of Ethics and Conduct to improve clarity, accountability, and administration.
4.	Observation	The Policies and Guidelines on Sister Cities, Friendship Cities, and International Delegations provide a strong framework for international partnerships but would benefit from clearer definitions of key terms and clearer measures of program success.
	Recommendation	Review and update the policy to improve clarity for both Council and staff.
5.	Observation	The City's Social Media Policy primarily provides staff-level administrative guidance and does not address Councilmember use of social media in a comprehensive manner.
	Recommendation	Consider developing a standalone social media policy to provide guidance to elected and appointed officials.
6.	Observation	The City's Technology Use Policy primarily provides staff-level guidance and does not address Councilmember-specific scenarios or needs.
	Recommendation	Consider developing a standalone technology use policy to provide guidance to elected and appointed officials.

II. Introduction

A. Background

Effective governance is essential to promoting transparency, accountability, and public trust, particularly in municipal operations where clear roles, consistent procedures, and well-defined policies guide decision-making.

As part of the City of Cupertino’s fiscal year 2025–2026 internal audit program, Baker Tilly conducted a comprehensive review of Council-related policies to strengthen the City’s governance framework. The assessment was designed to identify opportunities to improve clarity, consistency, and usability across Council policies; determine whether significant policy gaps exist; and align Council operational procedures with recognized industry best practices. Strengthening these governance structures positions the City to support informed decision-making, improve operational effectiveness, and uphold its commitment to serving the community with integrity.

B. Scope and Methodology

This assessment examined how Cupertino’s Council-related operational policies are structured, maintained, and used, with a focus on whether they provide Councilmembers with clear, practical guidance. The review also identified opportunities to strengthen Council-specific expectations and improve the consistency of policy management practices.

The policies included in the review were:

- Council Procedures Manual
- Code of Ethics and Conduct
- Policies and Guidelines on Sister Cities, Friendship Cities, and International Delegations
- Social Media Policy
- Technology Use Policy

This analysis was informed by interviews, document review, peer city research, and research on industry best practices. This assessment was primarily conducted between September 2025 and February 2026 and consisted of four major phases.

PROJECT PHASE		DESCRIPTION
1	Startup and Project Management	<p>Phase one consisted of collaborative project planning with City leadership, including determining who would be interviewed, what documents would be reviewed, and coordination on project status.</p> <p>Initiate Project: We conducted a kickoff meeting with City leadership to confirm expectations and discuss overall project scope, logistics, deliverables, timing, and progress reporting requirements. We clarified the responsibilities of Baker Tilly and City leadership, timing of project activities, and format of deliverables.</p>

PROJECT PHASE		DESCRIPTION
		<p>Perform Project Management: We conducted project management for the duration of the engagement. These activities included periodic check-ins with City leadership, updating on progress, and submitting draft deliverables for review.</p> <p>Provide Quality Assurance: We recognize the need for quality by providing excellent client service and engagement oversight. All deliverables received a quality assurance review before submittal to the City.</p>
2	Fact-Finding	<p>The second phase focused on execution of planned activities, including document review, interviews, peer research, and industry best practice research. We obtained the most current information available from City staff.</p> <p>Interviews: We conducted interviews with five individuals including council members, City leadership, and staff to gain insight into council policies.</p> <p>Documentation Review: We gathered relevant documentation for review, including current council-related policies, handbooks, committee lists, and organization charts.</p> <p>Peer Research: We conducted peer research to assess the City’s alignment with similar entities and identify areas for improvement. The following list of peers we included in our research.</p> <ul style="list-style-type: none"> ● City of Fremont ● City of Menlo Park ● City of Pleasanton ● City of San Leandro ● City of Santa Clara ● City of Santa Cruz ● City of Walnut Creek <p>Industry Best Practice: We conducted research into industry best practices for council operational policies.</p>
3	Analysis	Based on our observations, we evaluated options to help the City improve council policies and better align with best practices.
4	Reporting	Based on our analysis, we prepared a draft report with our observations and recommendations. The draft report was then reviewed by City leadership, and feedback was integrated into an updated report before finalizing.

III. Observations and Recommendations

Based on the input gathered from interviews, document review, peer research, as well as comparisons to best practices, we prepared a comprehensive set of observations and recommendations, which are presented in detail below.

A. Council Policy Environment

1. Observation	The City’s current Council policy environment lacks several key elements, including a formal policy review cycle, standardized training, and clearly defined enforcement mechanisms. These gaps may reduce the effectiveness and consistent implementation of Council-related policies.
Recommendation	Implement a structured policy management framework that formalizes policy review, standardizes training, and clarifies enforcement procedures.

The Council’s policy environment encompasses the framework, processes, and practices that govern the development, dissemination, maintenance, and enforcement of Council-related policies. Its effectiveness depends on several factors, including the timeliness of policy updates, the accessibility and usability of policies, the quality and consistency of training, the presence of regular review mechanisms, and the clarity of processes for addressing policy violations. Each of these elements plays a critical role in ensuring that policies serve their intended purpose, remain current and relevant, and are understood and adhered to by all stakeholders.

The city currently has many of these critical elements in place. However, gaps remain that may make it difficult for Councilmembers and staff—particularly newly elected officials and new employees—to identify the most current and relevant guidance. The sections below summarize key observations related to policy review and updates, training and orientation, and violations and enforcement.

Policy Review and Updates

At present, the City’s Council policy environment is dynamic but largely reactive, with limited proactive management of policy updates and reviews. Although all policies included in this assessment had been updated within the past five years—generally consistent with an industry-standard review cycle of three to five years—the City does not have a standardized process for regularly reviewing Council-related policies. Instead, policies are typically reviewed and revised in response to requests from individual Councilmembers or emerging issues.

Updated policies are generally routed to the Clerk’s Office, added to Laserfiche, and uploaded to the City’s internal system, the Hub. However, interviewees reported that superseded versions are not always consistently removed. The City completed a one-time effort last year to add metadata intended to support identification and removal of outdated policies, but subsequent updates have not been applied consistently. As a result, duplicate and obsolete versions of policies may remain accessible.

Training and Orientation

Historically, training on Council-related policies has been inconsistent and has lacked a structured, documented approach. New Councilmembers may receive a binder of relevant policies during orientation, but there is no formal process identifying which policies must be included, prioritized, or reviewed. Refresher training has generally been reactive and incident driven. For example, interviewees noted that a recent technology policy refresher was delivered in response to a specific issue. Policy materials are typically provided during post-election orientation, which does not occur annually, and optional mid-year refresher sessions may be brief or inconsistent.

Interviewees also reported that the City has recently made improvements to orientation and training, which represents a positive development.

Violations and Enforcement

With the exception of the Code of Ethics and Conduct, most Council operational policies do not clearly describe how violations should be addressed. More broadly, current processes for responding to breaches of Council-related policies are not well understood by either staff or Councilmembers. This indicates a need for clearer guidance regarding enforcement procedures and accountability mechanisms.

Recommendation

To strengthen the Council policy environment, the City should implement a formal policy management framework that addresses existing gaps in policy review, training, and enforcement. Key actions include:

- **Formalize policy management:** Establish documented procedures for updating, archiving, renaming, and reviewing Council-related policies. Assign responsibility for policy oversight to a designated office or individual, and implement a regular review cycle, such as every three years.
- **Standardize training and onboarding:** Build on recent improvements by documenting a comprehensive training program for Councilmembers and Commissioners that includes orientation, required policy review, and proactive annual refresher training.
- **Clarify enforcement procedures:** Define and communicate clear protocols for addressing policy violations. Where appropriate, incorporate enforcement language directly into individual Council policies.

Implementing these actions would improve policy effectiveness, transparency, and consistency across the Council policy environment.

B. Council Policy Manual

2. Observation	While the City Council Procedures Manual addresses many foundational topics, it does not include several sections commonly found in peer city manuals.
Recommendation	Consider revising the Manual to add or expand sections that would improve its comprehensiveness and provide clearer guidance for effective Council operations.

The City Council Procedures Manual (the Manual) is the City’s primary policy document governing Council operations. Consistent with best practice, the Manual includes guidance on a range of core topics, including communication, meeting management, decorum, and decision-making. It also references applicable sections of the Municipal Code to support compliance with relevant administrative requirements.

Although the Manual was revised in March 2025, additional sections and clarifications could further improve its usefulness as a comprehensive resource for Councilmembers.

POLICY SECTION/ ELEMENT	GAP	DESCRIPTION
Adherence to Council Handbook/Manual	Full gap	Typically, Council Manuals include a section outlining the expectations and responsibilities of council members to comply fully with the guidelines, policies, and procedures detailed within the document. It emphasizes the importance of consistent application to ensure transparency, accountability, and effective governance. This section often includes provisions for non-compliance, reinforcing the commitment of all members to uphold the standards and integrity of the council’s operations.
Powers and Duties	Partial gap	The Council Manual includes some information related to the roles of the Mayor, Vice Mayor, Councilmembers, and City Commissioners. Specifically, while councilmember powers are defined in the Municipal Code and referenced throughout the Manual—in sections such as Council/Manager Form of Government, Council-Manager Relations, and Authority of City Council—there is no consolidated overview section that fully outlines the responsibilities and duties of these positions. Including a dedicated section that clearly defines the roles and responsibilities of the Mayor, Vice Mayor, Councilmembers, and City Commissioners would improve clarity and understanding of these positions.
Ethics and Conduct	Partial gap	In alignment with best practice, the City maintains a separate Code of Ethics and Conduct for Elected and Appointed Officials. Within the Manual, ethics training is mentioned in Section 5.6, but the topic is otherwise absent. For the benefit of the Council, it would be helpful to include a dedicated section in the Manual that outlines the ethical standards expected of councilmembers. This section should reference the standalone policy, clarify required trainings and disclosures, and highlight key values like integrity, transparency, impartiality, and respect for public trust, tailored specifically to the council’s role. Three

POLICY SECTION/ ELEMENT	GAP	DESCRIPTION
		of the seven peer cities reviewed include an ethics section in their Council Manuals.
Sexual Harassment Prevention Training	Full gap	Half of the peer manuals reviewed explicitly include the requirement for sexual harassment prevention training for councilmembers, in compliance with State Assembly Bill 1661. While this training may be covered under the City’s broader ethics training requirements, clearly stating this obligation in the Council Manual helps ensure councilmembers understand their responsibility to complete the training and reinforces the commitment to preventing all forms of sexual harassment in their official duties.
Orientation for New Councilmembers	Full gap	Although the Manual includes a Council Training section (5.6), adding a dedicated orientation section could help clarify expectations regarding how and when councilmembers receive training (see Observation 1 for more details). This section might outline the process for onboarding new councilmembers, specify required trainings (either providing the training directly or information on how to access and complete it), and include meetings with key staff, tours of city facilities, and access to training resources. Clearly defining orientation and training requirements in the policy would better support councilmembers in serving effectively, ethically, and in compliance with the law, ultimately strengthening the city’s overall governance and administration.
Expense Reimbursement	Partial gap	<p>The Council Manual includes a reimbursement section that outlines the basics of reimbursable expenses and references councilmember compensation; however, it does not clearly specify non-reimbursable expenses or set limits on travel, lodging, or meeting costs. Without these details, councilmembers may submit unreasonable expenses or claims outside the scope of their duties.</p> <p>Several peer cities include an appendix within their Manual or Handbook that details the Councilmember expense reimbursement procedures or have a standalone policy. These appendices typically specify limits on reimbursable expenses (e.g., requiring the most economical travel, expenses only for council purposes, restrictions on vehicle use, lodging, meals, and technology), provide detailed instructions for submitting reimbursement forms and making purchases, outline budget procedures for determining reimbursement levels, and describe ongoing review processes for council expenses throughout the year.</p>
Meeting Procedures	Partial gap	<p>The Council Manual and Municipal Code Chapter 2.08 address the Rules and Conduct of Meetings for the City Council; however, the Manual could be improved to clarify specific elements of meeting procedures.</p> <p>For example, the current Manual does not detail how meeting minutes and notices are managed, define quorum requirements, or clarify the role and responsibilities of the presiding officer, typically the mayor. The Manual would also benefit from including guidelines for remote participation, clear criteria for items eligible for the consent calendar along with procedures for objections or removal requests, and</p>

POLICY SECTION/ ELEMENT	GAP	DESCRIPTION
		<p>expanded policies on managing disruptive behavior by attendees, including warnings, removal, and appeals. Additionally, establishing standards for the preparation, approval, and distribution of meeting minutes and official records would help ensure accuracy and public accessibility.</p> <p>Consolidating and clarifying these procedures within the Council Manual—rather than relying solely on the Municipal Code—would offer councilmembers a more accessible resource and promote consistent, efficient meeting management.</p>
Council's Role in Disaster/Risk Management	Full gap	<p>Several peer cities (three out of seven) have a section on disaster recovery and/or risk management which clarifies the City Council's roles and responsibilities during emergencies and to outline the city's approach to managing risks. In the peer city manuals, this section includes the council's authority to declare a local emergency and a hierarchy for decision-making including if the Council is unavailable, as well as the designation of standby officers and alternative government locations. Additionally, the section details the city's risk management framework, covering the identification and mitigation of risks, claims settlement authority, indemnification and insurance requirements for contractors, and reporting obligations to maintain coverage.</p> <p>Although the City has an Emergency Management Program chapter in the Municipal Code, including this information in the manual can ensure councilmembers understand their critical role in emergency response and risk oversight, supporting effective governance and resilience in times of crisis. The Municipal Code should be referenced in this section.</p>
Liability and Personal Responsibility	Partial gap	<p>One peer manual includes a section on Liability and Personal Responsibility that outlines potential personal liability for councilmembers in cases of discrimination, harassment, or fraud, as well as the limits of city insurance coverage. While the City addresses protection from liability related to conflicts of interest in the Manual, it would be beneficial to also clarify the limits of liability protection for issues such as discrimination, harassment, and fraud, and to specify the extent of the City's insurance coverage for councilmembers.</p>
Councilmember Compensation	Partial gap	<p>The current Manual references a separate exhibit on compensation within the reimbursement section but does not provide detailed information elsewhere. Adding more comprehensive details or incorporating the Elected Officials' Compensation Program directly into the Council Manual would offer greater clarity on councilmember compensation.</p> <p>Several peer cities (three out of seven) include specific sections that outline councilmember compensation practices, covering details such as related ordinances (chapter 2.16 of the Municipal Code) and a high-level overview of what is included in compensation (e.g., salary, benefits, allowances) as well as what is not compensated (e.g., attendance at standing committees or external agencies).</p>

POLICY SECTION/ ELEMENT	GAP	DESCRIPTION
Public Comment	Partial gap	<p>While the City previously operated with a designated Policy on Public Comment (which included guidelines for Councilmembers on speaking at meetings, time allocations, agenda items, councilmember comments, and correction of misinformation), interviewees noted that this policy has been discontinued. In its place, the Manual includes a paragraph about how public comments are made.</p> <p>All peers have a section related to public comment in their council manuals. This section is important as it establishes clear, consistent guidelines that promote fairness, transparency, and orderly public participation. It helps ensure all community members have equitable opportunities to voice their views, supports efficient meeting management, and fosters trust between the council and the public.</p> <p>The City should expand on the current Public Comment section to include additional details including speaker order, consideration for remote speakers and written comments, correction of misinformation guidelines, and additional details on speaking times for large number of speakers, and managing disruptions.</p>
Communicating with the Media	Partial gap	<p>The Manual does not include information on how councilmembers should respond to the media. However, the Code of Ethics and Conduct Policy does have a short section on conduct with the Media. This section should be referenced and potentially expanded within the Manual. Clarifications in this area can be especially important when it comes to speaking to the media in the wake of an emergency or disaster situation.</p>
Reference Materials	Full gap	<p>Another valuable addition to the Manual would be a comprehensive list reference guide within an appendix, including relevant ordinances, resolutions, policies, training materials, and external resources (e.g., League of California Cities Guide, Institute for Local Government) referenced throughout the document. In addition, the other Council operating policies (including the Sister City Policy, Code of Ethics and Conduct, Social Media, and Technology Use Policy) should be actively referenced.</p> <p>Including such a reference section would enhance usability by providing councilmembers with easy access to important supporting materials, ensuring they have ready access to key information needed for effective governance.</p>

Recommendation

Based on the partial and full gaps identified above, the City should consider revising or adding additional sections to the Manual to enhance its comprehensiveness and provide clearer guidance to support effective Council operations.

C. Code of Ethics and Conduct

3. Observation	The Code of Ethics and Conduct is a comprehensive policy; however, several areas could be strengthened to improve clarity and implementation.
Recommendation	Consider targeted updates to the Code of Ethics and Conduct to improve clarity, accountability, and administration.

The Code of Ethics and Conduct was last revised in 2023 and is a well-developed and comprehensive policy. In general, it reflects many public-sector best practices (e.g., conflict of interest provisions, civility standards, Council–Manager boundaries). However, there are several areas that could be strengthened:

- Although the policy describes complaint handling and potential sanctions, such as reprimand and censure, it is largely self-enforcing and does not clearly establish investigative procedures, timelines, roles, documentation standards, or evidentiary expectations.
- The policy does not address anonymous reporting channels or protection against retaliation for individuals reporting unethical behavior. Where applicable, the policy could reference existing City processes in these areas.
- The policy requires ethics training but does not clearly specify training frequency beyond initial requirements or consequences for noncompliance, except for Commissioners.

Recommendation

The City should review the Code of Ethics and Conduct and consider whether additional language related to enforcement procedures, reporting mechanisms, anti-retaliation protections, and training requirements would improve the policy’s clarity and effectiveness.

D. Sister City Policy

4. Observation	The Policies and Guidelines on Sister Cities, Friendship Cities, and International Delegations provide a strong framework for international partnerships but would benefit from clearer definitions of key terms and clearer measures of program success.
Recommendation	Review and update the policy to improve clarity for both Council and staff.

The City maintains the Policies and Guidelines on Sister Cities, Friendship Cities, and International Delegations (Sister City Policy). This policy was last revised in October 2023 and defines program purpose, partnership structure, eligibility, and funding guidelines for Sister City and Friendship City relationships. Although the policy is not strictly a Council operations document, it relies significantly on Council oversight, particularly with respect to budget adoption, funding approval, and establishment or termination of city relationships.

Despite the policy’s comprehensive goals and structural definitions, staff have reported ongoing challenges in interpreting specific provisions—particularly those related to funding eligibility, travel expense rules, and the identification of City-supported groups.

Interviewees noted the following areas would benefit from clearer definitions or guidance:

- Who qualifies as a dignitary for purposes of dignitary gifts
- Whether Sister City and Friendship City relationships are intended to continue indefinitely and whether the number of relationships should be capped
- What criteria qualify an organization as a City-supported group
- What constitutes a “large city facility”
- Whether there is a cap on annual travel expenditures for the Mayor or the Mayor’s designee
- Which positions are eligible to serve as the Mayor’s designee for City-funded travel, under what circumstances, and subject to what spending limitations

In addition, the City does not have a formal process for periodically reviewing Sister City relationships to determine whether they continue to advance the City’s goals and interests. As a result, there is limited clarity regarding whether the program is achieving intended outcomes and whether all existing relationships should continue indefinitely.

Some municipalities have established performance measures and periodic reporting requirements to help ensure that Sister City activities remain aligned with strategic goals. For example, the City of Austin includes requirements for an annual activity, financial, and work plan reports, with a formal review process in their Sister City policy.

Recommendations

The City should update the Sister City Policy to define key terms more clearly and reduce ambiguity for staff and Council. The City should also consider establishing performance measures and a formal review process, such as annual reporting to the City Council, to assess whether Sister City and Friendship City relationships continue to support the City’s goals.

E. Social Media Policy

5. Observation	The City’s Social Media Policy primarily provides staff-level administrative guidance and does not address Councilmember use of social media in a comprehensive manner.
Recommendation	Consider developing a standalone social media policy to provide guidance to elected and appointed officials.

The City’s Social Media Policy was developed in 2020 as an organization-wide administrative policy that applies to both staff and elected or appointed officials. However, the policy primarily addresses management of official City social media accounts and does not provide sufficient guidance regarding how Councilmembers should use personal or official social media accounts when communicating about City-related matters.

Generally, social media policies that apply to elected officials should include information related to:

- Brown Act and open meeting law requirements, including the prohibition on serial meetings through social media interactions
- Public records and disclosure implications associated with social media content
- Distinctions between official and personal accounts
- Expectations related to civility and professionalism
- Security and account management
- Accessibility requirements and best practices
- Alignment with the City's broader Social Media Policy

Recommendation

The City should consider developing a standalone policy, or adding a dedicated section within the Council Procedures Manual, to provide elected and appointed officials with clear guidance regarding social media use.

F. Technology Use Policy

6. Observation	The City's Technology Use Policy primarily provides staff-level guidance and does not address Councilmember-specific scenarios or needs.
Recommendation	Consider developing a standalone technology use policy to provide guidance to elected and appointed officials.

Similarly to the Social Media Policy, the City's Technology Use Policy was designed as an organization-wide administrative policy. In alignment with best practice, the policy provides a full framework for acceptable use, retention, security, and compliance and was last updated in 2024. However, it does not address issues specific to elected or appointed officials. In particular, we would expect to see guidance on the following topics:

- Permitted devices and equipment for Council use, including expectations for official City business, personal use, and political or campaign use
- Public record retention and disclosure requirements related to email and other digital communications
- Brown Act and open meeting law requirements, including the prohibition on serial meetings through email or other electronic communications
- Training requirements related to technology and cybersecurity
- Alignment with the City's broader Technology Use Policy

Recommendation

The City should consider developing a standalone policy (or a dedicated section within the Council Procedures Manual) to guide elected and appointed officials' use of technology.





CITY OF CUPERTINO

Agenda Item

26-15074

Agenda Date: 4/27/2026
Agenda #: 6.

Subject: ACTION ITEM Annual Review of the City's Investment Policy

Receive Updated City's Investment Policy and forward to City Council for Adoption

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler

4:30(15)



ADMINISTRATIVE SERVICES DEPARTMENT

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AUDIT COMMITTEE STAFF REPORT

Meeting: April 27, 2026

Subject

Annual Review of the City's Investment Policy

Recommended Action

Receive Updated City's Investment Policy and forward to City Council for Adoption

Reasons for Recommendation

Background

To ensure the City's investment policy is up-to-date and aligned with its investment objectives, the Audit Committee conducts an annual review before presenting it to the City Council. The most recent review and acceptance of the investment policy by the Audit Committee occurred on April 28, 2025, followed by approval from the City Council on May 20, 2025.

The investment policy is the foundation of the City's investment goals and priorities. It can help protect the City's assets if it is carefully researched, effectively drafted, and regularly reviewed to ensure that it continues to meet the City's investment objectives. The existence of an approved investment policy demonstrates that the City is performing its fiduciary responsibilities, thereby inspiring trust and confidence among the public that it serves.

The policy also provides guidance on the proper management of the City's temporary idle cash, outlining protocols to maximize cash efficiency.

California Government Code (Code) section 53646(a)(2) states:

[T]he treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

Assembly Bill 2853 (Chapter 889, Statutes of 2004) amended section 53646(a)(2) to make presentation of the investment policy to the City Council optional. While no longer required by Code, the City annually presents the investment policy to the Audit Committee before submitting it to City Council for approval.

Chandler Asset Management

In FY 2018-19, the City conducted a Request for Proposal (RFP) for investment management services and selected Chandler Asset Management. Under the City's Treasurer's direction, Chandler Asset Management manages the City's investment portfolio in accordance with the City's investment objectives. The City's investment objectives, in order of priority, are to provide:

- Safety to ensure the preservation of capital in the overall portfolio
- Sufficient liquidity for cash needs
- A market rate of return consistent with the investment program

The performance objective is to earn a total rate of return through a market cycle equal to or above the return on the benchmark index. To achieve the objective, Chandler Asset Management invests in high-quality fixed-income securities consistent with the City's investment policy and Code.

Investment Policy Review

California Government Code and alignment with current industry best practices. Overall, Chandler concluded that the City's Investment Policy continues to be well-written and effective in guiding the management of the City's investment portfolio.

The summarized updates below have been incorporated into the attached redline version of the policy (Attachment A):

- *Local Government Investment Pools (LGIPs)*: Policy language has been expanded to provide additional clarity regarding eligibility criteria, including requirements related to investment advisor registration, experience, and assets under management. These enhancements align with Government Code provisions and strengthen oversight while continuing to allow for flexible liquidity management.
- *Legislative Updates (SB 585)*: Minor updates have been made to reflect changes to applicable dates and statutory references resulting from SB 585.

Staff concurs with Chandler's recommendations and has incorporated these revisions into the Investment Policy. The revised policy ensures continued compliance with state law while providing the City with greater clarity and flexibility to manage its investments in a prudent and efficient manner.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.


Prepared by: Jonathan Orozco, Acting Director of Administrative Services

Reviewed by: Kirsten Squarcia, Deputy City Manager

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Cupertino Investment Policy (redline)

 City Investment Policy	Citywide Policy Manual
	Attachments: N/A
Effective Date: July 1, 2025 2026 through June 30, 2026 2027	Responsible Department: Administrative Services
Related Policies & Notes: Pension Investment Policy, OPEB Investment Policy	

POLICY

Under authority granted by the City Council, the City Treasurer and Deputy Treasurer are responsible for investing the surplus funds of the City.

The investment of the funds of the City of Cupertino is directed to the goals of safety, liquidity and yield. The authority governing investments for municipal governments is set forth in the California Government Code, Sections 53600 et seq. By adopting this Policy, the City Council delegates to the City Treasurer the authority to invest or to reinvest City funds, or to sell or exchange securities so purchased pursuant to Government Code Section 53607.

The primary objective of the investment policy of the City of Cupertino is SAFETY OF PRINCIPAL. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The City’s portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. Portfolio management requires continual analysis and as a result the balance between the various investments and maturities may change in order to give the City of Cupertino the optimum combination of necessary liquidity and optimal yield based on cash flow projections.

SCOPE

The investment policy applies to all financial assets of the City of Cupertino as accounted for in the Annual Comprehensive Financial Report (ACFR). Policy statements outlined in this document focus on the City of Cupertino’s pooled, surplus funds, but will also apply to all other funds under the City Treasurer’s span of control unless specifically exempted by statute or ordinance. This policy is applicable, but not limited to all funds listed below:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds

- Internal Service Funds
- Trust and Agency Funds
- Any new fund unless specifically exempted

Investments of bond proceeds shall be governed by the provisions of the related bond indentures and/or cash flow requirements and therefore may extend beyond the maturity limitations as outlined in this document. Other post-employment benefit (OPEB) and Pension trust investments are governed by California Government Code Sections 53620 through 53622 and trust documents. The trusts are governed by separate investment policies entitled Investment Policy Statement City of Cupertino Investment Trust that were reviewed by the City of Cupertino Audit Committee on October 23, 2023 and City Council on December 5, 2023.

PRUDENCE

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

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

It is the City’s intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market, or individual security valuation fluctuations. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return. The City Treasurer and Deputy Treasurer, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

OBJECTIVES

The primary objectives, in order of priority, of the City of Cupertino's investment activities shall be:

A. Safety of Principal

Safety of principal is the foremost objective of the City of Cupertino. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the City will diversify its investments by investing funds among a variety of securities with independent returns.

B. Liquidity

The City's investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated and provide the City with adequate cash flows to pay its obligations over the next six months. Additionally, the portfolio should consist largely of securities with active secondary resale markets.

C. Return

The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with Cupertino's investment risk constraints and cash flow characteristics of the portfolio.

MAXIMUM MATURITIES

Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings. Investment of surplus funds shall comply with the maturity limits as set forth in the California Government Code 53600, et seq. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years from date of trade settlement, unless the Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the Council no less than three months prior to the investment. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

PERFORMANCE EVALUATION

Investment performance is continually monitored and evaluated by the City Treasurer. Investment performance statistics and activity reports are generated on a quarterly basis for presentation to the oversight (audit) committee, City Manager and City Council. Yield on the City's investment portfolio is of secondary importance compared to the safety and liquidity objectives described above. The City's investment portfolio shall be designed to attain a market average rate of return through economic cycles. The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark. Whenever possible, and consistent with risk limitations as defined herein and prudent investment principles, the Treasurer shall seek to augment return above the

market average rate of return. The City may select alternative benchmarks for identified pools of City funds that have different objectives.

DELEGATION OF AUTHORITY

Authority to manage the City's investment program is derived from California Government Code, Sections 41006 and 53600 et seq. The Treasurer is responsible for investment management decisions and activities per City Council Resolution.

The Treasurer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Treasurer is not present.

No officer or designee may engage in an investment transaction except as provided under terms of this policy and the procedures by the Treasurer and approved by the City Manager/Council. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

If an investment adviser is retained by the City, the investment adviser, registered under the Investment Advisers Act of 1940, must have at least five years' experience investing in the securities and obligations authorized by California Government Code 53601 subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000). External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

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

OVERSIGHT COMMITTEE

An audit committee consisting of appropriate internal and external members, appointed by the City Council, shall be established to provide general oversight and direction concerning the policies related to management of the City's investment pool, OPEB trust, and Pension Rate Stabilization Program trust. The City Treasurer shall serve in a staff and advisory capacity. The committee shall meet at least quarterly to review policy changes, new legislation and portfolio status.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally the City Treasurer and the Deputy Treasurer are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

SAFEKEEPING OF SECURITIES

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party custodian acting as agent for the City under the terms of a custody agreement. All trades executed by a dealer will settle delivery versus payment (DVP) through the City's safekeeping agent. In order to verify investment holdings, an external auditor, on an annual basis, shall independently verify securities held in custody for the City. Additionally, the City Treasurer shall include a listing of holdings provided by the City's custodian to the quarterly investment report as verification between annual reviews by the external auditor.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money mutual funds, since the purchased securities are not deliverable. All other exceptions to this safekeeping policy must be approved by the City Treasurer in written form and included in the quarterly report to City Council.

INTERNAL CONTROL

Separation of duties between the Treasurer's function and Finance is designed to provide proper internal controls to prevent the potential for converting assets or concealing transactions. Dual transaction controls, separate and independent notifications, and reports provided by financial institutions shall be used to help implement these controls.

Wire transfers shall be approved prior to being submitted to the financial institution. Wire transfers initiated by Treasury staff must be reconfirmed by the appropriate financial institution to Finance staff. Proper documentation is required for each investment transaction and must include a broker trade confirmation and a cash disbursement wire transfer confirmation. Timely bank reconciliation is conducted to ensure proper handling of all transactions. The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by Finance staff on a monthly basis.

An annual agreed-upon procedures engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants shall be conducted by an auditor solely to assist management in determining the City's compliance with this investment policy. At the conclusion of such engagement, the agreed-upon procedures report detailing all procedures performed and findings noted (if applicable) shall be provided to the Audit Committee of the City.

REPORTING

Monthly transaction reports will be submitted by the Treasurer to the City Council within 30 days of the end of the reporting period in accordance with California Government Code Section 53607.

The City Treasurer shall also prepare a quarterly investment report, including a succinct management summary that provides a clear picture of the status of the current investment portfolio. The report will be prepared in a manner that will report all information required under this policy and as recommended by California Government Code. The Treasurer will submit the report to Council no later than the second regular council meeting, or approximately 45 days following the end of the quarter covered by the report.

AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND QUALIFIED BROKER/DEALERS

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

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

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

- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the City, except where the City utilizes an external investment adviser in which case the City may rely on the adviser for selection.

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

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

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

COLLATERAL REQUIREMENTS

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

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

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

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

AUTHORIZED INVESTMENTS

Investment of City funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, subject to the restrictions below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits and minimum credit quality requirements listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At

the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

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

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Obligations issued by Federal agencies or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the City may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:
 - No more than 30% of the portfolio may be invested in any single Agency/GSE issuer.
 - The maximum maturity does not exceed five (5) years.
 - The maximum percent of agency callable securities in the portfolio will be 20%.
3. Banker's Acceptances (bills of exchange or time drafts drawn on and accepted by commercial banks) may not exceed 180 days to maturity or 40% of the portfolio.
 - They are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
 - No more than 5% of the portfolio may be invested in any single issuer.
4. Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by the California State Treasurer. LAIF's investments in instruments prohibited by or not specified in the City's policy do not exclude the investment in LAIF itself from the City's list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio..
5. Commercial paper issued by corporations organized and operating in the United States having assets in excess of \$500,000,000, ranked "A-1" or its equivalent or better by at least one Nationally Ranked Statistical Rating Organization (NRSRO), issued by corporations which have long-term obligations

rated in a rating category of “A” or its equivalent or better by one NRSRO. Purchases of eligible commercial paper may not exceed 270397 days to maturity nor represent more than 10% of the outstanding paper of the issuing corporation. Purchases of commercial paper may not exceed 25% of the portfolio. Under a provision sunsetting on January 1, 20262031, no more than 40% of the City’s portfolio may be invested in Commercial Paper if the City’s investment assets under management are greater than \$100,000,000. No more than 5% of the portfolio may be invested in any single issuer. No more than 10% of the total investments may be invested the in commercial paper and medium term notes combined of any single issuer.

6. Negotiable Certificates of Deposits issued by nationally or state-chartered banks, state or federal savings associations, or state or federal credit unions, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of Negotiable Certificates of Deposit may not exceed 30% of the portfolio. No more than 5% of the portfolio may be invested in any single issuer. A maturity limitation of five years is applicable. The amount of the NCD insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
7. Repurchase agreements that specify terms and conditions may be transacted with banks and broker dealers. The maturity of the repurchase agreements shall not exceed one year. The market value of the securities used as collateral for the repurchase agreements shall be monitored by the investment staff and shall not be allowed to fall below 102% of the value of the repurchase agreement. A PSA Master Repurchase Agreement is required between the City of Cupertino and the broker/dealer or financial institution for all repurchase agreements transacted.
8. Reverse repurchase agreements are not authorized.
9. Certificates of Deposit (time deposits), non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks, savings and loan associations, or credit unions. Within a limit of 30% of the portfolio, these institutions may use a private sector entity to assist in the placement of the time deposits under the conditions specified by the Government Code.
10. Medium Term Corporate Notes issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a maximum maturity of five years may be purchased. Securities eligible for investment shall be rated in the rating category of “A” or better by at least one NRSRO. Purchase of medium term notes may not exceed 30% of the portfolio. No more than 5% of the portfolio may be invested

in any single issuer. No more than 10% of the total investments may be invested in the commercial paper and medium term notes combined of any single issuer.

11. Municipal securities, including obligations of the City, the State of California, and any local agency within the State of California, provided that:
 - The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
 - No more than 5% of the portfolio may be invested in any single issuer.
 - No more than 30% of the portfolio may be in Municipal Securities.
 - The maximum maturity does not exceed five (5) years.

12. Municipal securities (Registered Treasury Notes or Bonds) of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
 - The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
 - No more than 5% of the portfolio may be invested in any single issuer.
 - No more than 30% of the portfolio may be in Municipal Securities.
 - The maximum maturity does not exceed five (5) years.

13. Asset-backed, mortgage-backed, mortgage pass-through securities, and collateralized mortgage obligations not defined in paragraphs 1 and 2 of the Authorized Investments section of this policy, provided that:
 - The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
 - No more than 20% of the total portfolio may be invested in these securities.
 - No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
 - The maximum legal final maturity does not exceed five (5) years.

14. Supranationals, provided that:
 - Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
 - The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.

- No more than 30% of the total portfolio may be invested in these securities.
 - No more than 10% of the portfolio may be invested in any single issuer.
 - The maximum maturity does not exceed five (5) years.
15. Money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
- Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.

Only funds holding U.S. Treasury obligations, Government agency obligations, or repurchase agreements collateralized by U.S. Treasury or Government agency obligations can be utilized and may not exceed 20% of the cost value of the portfolio.

16. Local Government Investment Pools which are shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in California Government Code Section 53601 subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- (1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.
- (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

There is no limitation for Local Government Investment Pools (LGIP)

PROHIBITED INVESTMENT VEHICLES AND PRACTICES

Ineligible investments are those that are not described herein, including but not limited to, common stocks and long-term (over five years in maturity) notes and bonds are prohibited from use in this portfolio. It is noted that special circumstances arise that necessitate the

purchase of securities beyond the five-year limitation. On such occasions, requests must be approved by City Council prior to purchase. Additionally:

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 20262031, securities backed by the U.S. Government that could result zero- or negative-interest accrual if held to maturity are permitted.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.
- Securities with trade settlement periods longer than 45 days are prohibited.

RISK MANAGEMENT AND DIVERSIFICATION

Mitigating Credit Risk in the Portfolio

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

The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.

- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or City’s risk preferences.
- If the credit ratings of any security owned by the City are downgraded to a level below the quality required by this investment policy, it will be the City’s policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
- If a security is downgraded, the Treasurer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
- If a decision is made to retain a downgraded security in the portfolio, its presence

in the portfolio will be monitored and reported monthly to the City Council.

Mitigating Market Risk in the Portfolio

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

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

- The City will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years as measured from trade settlement date, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the City based on the City's investment objectives, constraints and risk tolerances.

DEPOSITS

To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities.

INTEREST EARNINGS

All moneys earned and collected from investments authorized in this policy shall be allocated monthly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio.

REVIEW OF INVESTMENT PORTFOLIO

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

POLICY REVIEW

The City of Cupertino's investment policy shall be adopted by resolution of the City Council on an annual basis. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and yield, and its relevance to current law and financial and economic trends.

GLOSSARY OF INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

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

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

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

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

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

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

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

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

MAKE WHOLE CALL. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a

lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

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

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

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

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

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

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

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

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

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

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

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

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City Manager's signature: _____ Date: _____
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Director of Administrative Services' signature: _____ Date: _____
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Revisions:



CITY OF CUPERTINO

Agenda Item

26-15075

Agenda Date: 4/27/2026
Agenda #: 7.

Subject: INFORMATIONAL ITEM Receive the Single Audit and Agreed Upon Procedures (AUP) Reviews - GANN Limit, Investment Policy, Storm Drain

Receive the Single Audit and Agreed Upon Procedures (AUP) Reviews - GANN Limit, Investment Policy, Storm Drain

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and The Pun Group

4:45(15)

City of Cupertino

Cupertino, California

Single Audit and Independent Auditor's Reports

For the Year Ended June 30, 2025



City of Cupertino
Single Audit and Independent Auditor's Reports
For the Year Ended June 30, 2025

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cupertino, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 3, 2025



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cupertino, California's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal program is identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated December 3, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The PwC Group, LLP

Santa Ana, California
March 19, 2026, except for the Schedule of Expenditures of Federal Awards, which is as of December 3, 2025

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City of Cupertino
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass - Through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Program:</i>				
Community Development Block Grant Cluster Entitlement/Special Purpose Grants:				
Community Development Block Grants/Entitlement Grants	14.218	B24MC060057	\$ 96,667	\$ 27,781
Community Development Block Grants/Entitlement Grants	14.218	B23MC060057	27,158	27,158
Community Development Block Grants/Entitlement Grants	14.218	B22MC060057	32,533	68,358
Community Development Block Grants/Entitlement Grants	14.218	B21MC060057	35,440	-
Community Development Block Grants/Entitlement Grants	14.218	Program Income	7,942	-
Total Community Development Block Grant Cluster Entitlement/Special Purpose Grants			199,740	123,297
Total U.S. Department of Housing and Urban Development			199,740	123,297
<u>U.S. Department of Transportation</u>				
<i>Passed through State of California Department of Transportation:</i>				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	BPMP-5318(029)	1,444,881	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5318 (033)	43,995	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	BRLS-5318 (037)	16,464	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5318 (036)	7,072	-
Total Highway Planning and Construction			1,512,412	-
Total U.S. Department of Transportation			1,512,412	-
<u>U.S. Department of Energy</u>				
<i>Direct Program:</i>				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	IA-0000000811	123,899	-
Total U.S. Department of Energy			123,899	-
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through National Association of County and City Health Officials:</i>				
Medical Reserve Corps Small Grant Program	93.008	MRC RISE 22-0039	1,176	-
Total U.S. Department of Health and Human Services			1,176	-
Total Expenditures of Federal Awards			\$ 1,837,227	\$ 123,297

City of Cupertino
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 – Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standard Board (“GASB”), consists of the primary government, which is the City of Cupertino, California (the “City”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organization, establishing financial accountability: *The Cupertino Public Facilities Corporation*.

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2025. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State of California Department of Transportation, and National Association of County and City Health Officials, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of City, it is not intended to and does not present the financial position of the City.

Note 3 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 4 – Indirect Cost Rate

The City has not elected to use the de minimis indirect rate as allowed under the Uniform Guidance (10 percent of modified total direct costs for awards issued prior to October 1, 2024 and 15 percent for awards issued or amended on or after October 1, 2024).

Note 5 – Subrecipients

During the year ended June 30, 2025, the City provided federal funds to the following subrecipients:

Assistance Listing Number	Program Name / Subrecipient Name	Amount Provided to Subrecipients
14.218	Community Development Block Grant Cluster Entitlement/Special Purpose Grants:	
	Rebuilding Together Silicon Valley	\$ 96,238
	West Valley Community Services	17,774
	Live Oak Adult Day Services	9,285
		\$ 123,297

City of Cupertino
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
20.205	Highway Planning and Construction	\$ 1,512,412
	Total Expenditures of All Major Federal Programs	\$ 1,512,412
	Total Expenditures of Federal Awards	\$ 1,837,227
	Percentage of Total Expenditures of Federal Awards	82.32%

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? No

City of Cupertino
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

A. Current Year Findings – Financial Statement Audit

No current year financial statement findings were noted.

B. Prior Year Findings – Financial Statement Audit

No prior year financial statement findings were noted.

City of Cupertino
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section III – Federal Award Findings

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

No current year federal award findings were noted.

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

2024-001 – Procurement, Suspension, and Debarment – Internal Control over Procurement and Verification Against the System for Award Management (“SAM”) (Significant Deficiency)

Identification of the Federal Program:

Assistance Listing Number:	20.205
Assistance Listing Title:	Highway Planning and Construction
Federal Agency:	Department of Transportation
Pass-Through Entity:	State of California Department of Transportation
Federal Award Number and Award Year:	CML-5318(033)

Condition:

During our audit, we noted that the City did not have documentation on verifying the vendors against the SAM to ensure that they were not suspended or debarred from federally funded purchases.

Recommendation:

We recommended that the City to establish internal control procedures to monitor compliance requirements to ensure vendors are not suspended or debarred from federally-funded purchases.

Status:

This finding was resolved during the year ended June 30, 2025.

City of Cupertino
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section III – Federal Award Findings (Continued)

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2024-002 – Special Tests and Provisions – Internal Control over Quality Assurance Program (Significant Deficiency)

Identification of the Federal Program:

Assistance Listing Number:	20.205
Assistance Listing Title:	Highway Planning and Construction
Federal Agency:	Department of Transportation
Pass-Through Entity:	State of California Department of Transportation
Federal Award Number and Award Year:	CML-5318(033)

Condition:

Quality Assurance Tests were performed during the fiscal year for the federal project; however, we found that the corresponding monitoring forms and checklists were not completed in a timely manner in accordance with the adopted QAP Manual. The Appendices K, E, and L checklists were all accomplished after the project completion which deviates from the intended purpose of the QAP.

Recommendation:

We recommended that the City to adhere with the QAP manual on the timely accomplishment of the above mentioned forms and checklists in line with the federal project timeline.

Status:

This finding was resolved during the year ended June 30, 2025.

City of Cupertino

Cupertino, California

Independent Accountant's Report on Applying Agreed-Upon Procedures to Investments

For the Year Ended June 30, 2025



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California

We have performed the procedures enumerated below on the investments of the City of Cupertino, California (the "City") as of and for the year ended June 30, 2025. The City's management is responsible for the investments.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, which is assisting users in understanding the Investment Policy (the "Policy") and assisting the City's management in determining the City's compliance with Policy. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Obtained the Policy, applicable for the fiscal year 2025, approved by the Honorable Mayor and the City Council, and compared the investments authorized by the policy with the investments listed in the June 2025 Treasurer's Investment Report to determine if all investment types are allowed by the investment policy.

Findings: No exceptions were noted as a result of our procedures.

2. Compared the City's Policy with California Government Code Section 53601 to determine whether the Policy complied with California Government Code Section 53601.

Findings: No exceptions were noted as a result of our procedures.

3. Compared the June 2025 Treasurer's Investment Report with California Government Code Section 53646 to ensure that the June 2025 Treasurer's Investment Report complied with California Government Code Section 53646.

Findings: No exceptions were noted as a result of our procedures.

4. Inquired of the Finance Manager and verify whether investment performance statistics and activity reports are generated on a quarterly basis for presentation to the oversight (audit) committee, City Manager and the Honorable Mayor and the City Council, as required by the Investment Policy.

Findings: No exceptions were noted as a result of our procedures.

5. Inquired of the Finance Manager and document our understanding of the wire transfer procedures.

Findings: No exceptions were noted as a result of our procedures.

6. Randomly selected three investment sales/maturities from various quarters of Treasurer's Reports and perform the following:
 - Traced investment type to the supporting broker's confirmation and the Chandler Report.
 - Traced the maturity date to the supporting broker's confirmation and the Chandler Report.
 - Traced the amount of the investment sold to the supporting broker's confirmation and the Chandler Report.

Findings: No exceptions were noted as a result of our procedures.

7. Randomly selected two investments purchased during the year from the City's investment files, and performed the following:
 - Traced the purchased investments to the corresponding Treasurer's Investment Report for the month in which the investments were acquired.
 - Agreed the amount, terms, and interest rate to the Treasurer's Investment Report.
 - Verified that the investment type is authorized by the Investment Policy by comparing the type of investment to the allowable types per the Investment Policy.

Findings: No exceptions were noted as a result of our procedures.

8. Obtained the Chandler Asset Management report and confirm the investment details (investment description, par value/units, coupon rate), and the amounts reported in the Treasurer's investment report and verify the amount reported in the general ledger.

Findings: No exceptions were noted as a result of our procedures.

9. Traced three randomly selected Federal Agency investments that were purchased in fiscal year 2024 and traced the reported ratings to Moody's rating online.

Findings: No exceptions were noted as a result of our procedures.

10. Obtained independently third-party corroborating evidence from Chandler and Principal of the City's investments as of June 30, 2025, and verified that investment types are matching on the two (2) reports.

Findings: No exceptions were noted as a result of our procedures.

11. Randomly picked five (5) samples and determined if the type of investments, which occurred during the Fiscal Year, complied with the Investment Policy's 'Authorized Investments' section.

Findings: No exceptions were noted as a result of our procedures.

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California
Page 3

We were engaged by the City to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on investments. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Members of the City Council and management of the City and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 19, 2026

City of Cupertino

Cupertino, California

**Independent Accountant's Report on
Applying Agreed-Upon Procedures
on 2019 Clean Water and Storm Protection Fee**

For the Calendar Year Ended December 31, 2025



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California

We have performed the procedures enumerated below on the City of Cupertino, California (the "City") in evaluating whether the 2019 Clean Water and Storm Protection Fee is in accordance with the provisions for the calendar year ended December 31, 2025. The City's management is responsible for receipt of 2019 Clean Water and Storm Protection fees.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the 2019 Clean Water and Storm Protection Fee. The City's management has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We selected 100% of the revenue transactions recorded in the Environmental Management/Clean Creeks Special Revenue Fund (Fund 230) and recorded in the Charges for Services General Service Fees (GL account #230-81-802-450-405) for the period January 1, 2025 through December 31, 2025 and performed the following procedures:
 - a. Observed the Clean Water and Storm Protection fees have been deposited and recorded in Fund 230 within the account #230-81-802-450-405 per Section 3.38.160A of the Cupertino Municipal Code.
 - b. Obtained the County tax remittance statement for each specific receipt (as provided by the County) and observed the cash collected in total on the statement agrees to the amount deposited in Fund 230 in accordance with Section 3.38.070 of the Cupertino Municipal Code, which specifies that the City elects to have fees collection on the tax roll in the same manner as property taxes.
 - c. Obtained the City support (e.g., schedule of fees billed to property owners in situation where the fee was not included in the annual tax assessment) and observed the cash collected in total per the Schedule agrees to the amount deposited in Fund 230 in accordance with Section 3.38.090 of the Cupertino Municipal Code, which specifies that the City Finance Department bills out fees to property owners in situations where the fee was not included in the annual tax assessment.

Findings: No exceptions were noted as a result of our procedures. However, the 2025 storm drain fees have not been fully collected, with an outstanding balance of \$3,295.

2. We selected 60% of the non-payroll expenditure transactions recorded in Fund 230 for the period January 1, 2025 thru December 31, 2025 and performed the following procedures:
 - a. Obtained the City invoices and purchase orders for the expenditures selected, and observed the description of expenditures on the invoice and purchase order, as well as the assigned object code on the purchase order from the City were for allowed purposes per Section 3.38.010B of the Cupertino Municipal Code, which specifies allowable activities are defined as acquisition, construction, reconstruction, maintenance, and operation of the storm drainage system of the City or related green infrastructure or other activities required by the City's NPDES permits, to repay principal and interest on any bonds which may hereafter be issued for said purposes, to repay loans or advances which may hereafter be made for said purposes.
 - b. Obtained the City invoices and purchase orders for the nonpayroll expenditures selected and observed the description of expenditures on the invoice and purchase order were for allowed purposes per Section 3.38.0160A and 3.38.0160B of the Cupertino Municipal Code. Section 3.38.160A of the Cupertino Municipal Code specifies allowable from the overall perspective as direct costs and administrative costs, while 3.38.160B of the Cupertino Municipal Code specifically defines direct costs as wages and salaries and costs of employee fringe benefits and mileage reimbursement attributable to said collection activities, with administrative costs as all costs for computer service, materials, postage supplies and equipment.
 - c. Obtained the City documentation for all refunds issued and observed the Finance Director or equivalent authorized the refund through written approval in accordance with Section 3.38.170 of the Cupertino Municipal Code.

Findings: No exceptions were noted as a result of our procedures.

3. We sampled one pay period (selected on a haphazard basis) between January 1, 2025 and December 31, 2025 to recompute employee allocation in the general ledger for activity recorded in Fund 230 and compared to the City's calculations as follows:
 - a. Sampled at least 10% of the time cards of applicable employees charged in Fund 230 to the selected payroll period (selected on a haphazard basis) and observed written approval by supervisors.
 - b. Obtained documentation of the general ledger distribution for the payroll period selected and recalculated the distribution and agreed the results to the budgeted allocation and the functional allocation matrix established by management. The budgeted allocation shall be specified by City-established allocation worksheets used to estimate the amount of actual time spent on the acquisition, construction, reconstruction, maintenance, and operation of the storm drainage system of the City or related green infrastructure or other activities required by the City's NPDES permits.

Findings: No exceptions were noted as a result of our procedures.

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California
Page 3

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the 2019 Clean Water and Storm Protection Fee. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the members of the City Council and the management of the City and is not intended to be and should not be used by anyone other than these specified parties.

The PwC Group, LLP

Santa Ana, California
March 19, 2026

City of Cupertino

Cupertino, California

Independent Accountant's Report on Applying Agreed-Upon Procedures to Appropriations Limit Schedule

For the Fiscal Year Ending June 30, 2026



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California

We have performed the procedures enumerated below on the accompanying Appropriation Limit Schedule of the City of Cupertino, California (the "City") for the year ending June 30, 2026. The City's management is responsible for the Appropriations Limit Schedule.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution, which was agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and associated findings are as follows:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the year ending June 30, 2026, and agreed that the limit and annual calculation factors were adopted by resolution of the City Council. We also verified that the population and inflation options were selected by a recorded vote of the City Council.

Findings: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

Findings: No exceptions were noted as a result of our procedures.

3. We verified the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

Findings: No exceptions were noted as a result of our procedures.

4. We verified the appropriations limit presented in the accompanying Appropriations Limit Schedule to the appropriations limit adopted by the City Council.

Findings: No exceptions were noted as a result of our procedures.

To the Honorable Mayor and the Members of the City Council
of the City of Cupertino
Cupertino, California
Page 2

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on agreed-upon procedures applied to the appropriations limitation schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

The PwC Group, LLP

Santa Ana, California
March 19, 2026

City of Cupertino
Appropriations Limit Schedule
For the Year Ending June 30, 2026

	Amount	Source
A. Appropriations Limit FY 2024-2025	\$ 132,542,385	Prior year appropriation limit adopted by the City
B. Calculation Factors:		
1) Population increase %	1.0644	California Department of Finance
2) Inflation increase %	1.0004	California Department of Finance
3) Total adjustment %	1.0648	(B1 x B2)
C. Annual Adjustment Increase	8,592,161	{(B3-1) x A}
D. Other Adjustments:		
1) Loss responsibility (-)	-	N/A
2) Transfer to private (-)	-	N/A
3) Transfer to fees (-)	-	N/A
4) Assumed responsibility (+)	-	N/A
E. Total Adjustments	8,592,161	(C+D)
F. Appropriations Limit FY 2025-2026	\$ 141,134,546	(A+E)

City of Cupertino
Notes to the Appropriations Limit Schedule
For the Year Ending June 30, 2026

Note 1 – Purpose of Limited Procedures Review

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to the agreed-upon procedures in connection with the annual audit.

Note 2 – Method of Calculation

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

Note 3 – Population Factors

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the City for the year ending June 30, 2026, represents the annual percentage change in population for the County of Santa Clara.

Note 4 – Inflation Factors

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the California Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for the year ending June 30, 2026, represents the annual percentage change for per capita personal income.

Note 5 – Other Adjustments

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the year ending June 30, 2026.



CITY OF CUPERTINO

Agenda Item

26-15076

Agenda Date: 4/27/2026
Agenda #: 8.

Subject: ACTION ITEM Discuss amendments to Audit Committee Duties, Powers, and Responsibilities

Receive the presentation and provide feedback on proposed amendments to the Audit Committee's duties, powers, and responsibilities, including potential changes to meeting frequency and expanded financial oversight.

Presenter: Jonathan Orozco, Finance Manager

5:00(30)



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3220 • FAX: (408) 777-3109
CUPERTINO.ORG

AUDIT COMMITTEE STAFF REPORT

Meeting: April 27, 2026

Subject

Discuss amendments to Audit Committee Duties, Powers, and Responsibilities

Recommended Action

Receive the presentation and provide feedback on proposed amendments to the Audit Committee's duties, powers, and responsibilities, including potential changes to meeting frequency and expanded financial oversight.

Background

On May 20, 2025, the City Council directed the Audit Committee to consider amendments to its scope of duties and recommend changes for Council's consideration. Following this directive, the Audit Committee engaged in a series of discussions, informed by Government Finance Officers Association (GFOA) best practices and input from the City's internal auditors, Baker Tilly.

During the July 28, 2025, meeting, the Audit Committee unanimously voted to recommend three specific changes to its duties, powers, and responsibilities: (1) renaming the committee as the "Audit and Finance Committee" to reflect its broader oversight role, (2) clarifying Section 2.88.100(g) to ensure clear oversight of the City's internal controls and audit reports, and (3) adding a new provision related to the review of artificial intelligence as it relates to financial management, internal controls, risk, and compliance.

On October 7, 2025, the City Council conducted a study session on the proposed amendments and referred additional items back to the Audit Committee for further consideration, including potential expanded financial oversight responsibilities and meeting frequency. Specifically, Council requested the Audit Committee to consider:

- Increasing the regular meeting frequency from four to up to six meetings per year, with flexibility to cancel meetings if there is no business;
- Expanding the Committee's financial oversight role to include review of the City's operating and capital budgets, long-term financial forecasts, reserve policies, and major financial transactions;
- Considering the establishment of a budget subcommittee; and

- Providing direction that Treasurer’s Reports and Investment Reports will be placed on the City Council agenda Consent Calendar for receipt, rather than as informational memoranda. This change has been implemented.

This item returns to the Audit Committee to solicit feedback on these additional considerations prior to returning to City Council for further direction.

Analysis

The originally proposed amendments are intended to modernize the Committee’s scope and align it with evolving best practices in public sector financial oversight. Specifically:

- *Name change*: Renaming the Committee as the “Audit and Finance Committee” signals its role in both financial and audit-related oversight.
- *Section 2.88.100(g)*: Clarifying this section strengthens accountability around the City’s system of internal controls while maintaining existing oversight of internal audit reports.
- *Section 2.88.100(i)*: Adding this new duty recognizes the increasing use of artificial intelligence tools in financial reporting, internal controls, risk management, and compliance, and ensures the committee remains equipped to evaluate emerging risks and opportunities.

In addition, based on City Council direction, the Audit Committee is asked to provide input on potential enhancements to its role and structure, including:

- *Meeting Frequency*: Whether increasing the number of regular meetings from four to up to six per year would better support expanded responsibilities, while maintaining flexibility to cancel meetings when there is no business.
- *Expanded Financial Oversight*: Potential responsibilities such as reviewing the City’s annual operating and capital budgets prior to Council consideration, monitoring long-term financial forecasts and reserve policies, reviewing periodic financial reports, and evaluating significant budget amendments and financial transactions.
- *Budget Subcommittee*: Whether establishing a subcommittee to review budget content in greater detail would be beneficial to the Committee.

Staff is seeking the Audit Committee’s feedback on these items to inform a future recommendation to City Council.

Next Steps

Following Audit Committee discussion and recommendation(s), staff will refine the proposed amendments to Municipal Code Section 2.88.100, including any changes related to meeting frequency or expanded financial oversight responsibilities, and return to City Council for further consideration.

Sustainability Impact

No sustainability impacts.

Fiscal Impact

No fiscal impact.

City Work Program Item/Description

None

City Council Goal

Fiscal Strategy

California Environmental Quality Act

Not applicable.

Prepared by: Jonathan Orozco, Acting Director of Administrative Services

Reviewed by: Kirsten Squarcia, Deputy City Manager

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Municipal Code - Chapter 2.88 Audit Committee

CHAPTER 2.88: AUDIT COMMITTEE

2.88.010 Established–Composition.

A. The Audit Committee of the City is established. The Audit Committee shall consist of five members as follows:

1. Two City Council members;
2. A minimum of Two and a maximum of three at large members who are not officials or employees of the City nor cohabit with, as defined by law, nor be related by blood or marriage to, any member of the committee, the City Manager or the staff person or persons assigned to the committee.

(Ord. 1913, (part), 2003; Ord. 1874, § 1 (part), 2001; Ord. 1679, § 1 (part), 1995)

2.88.020 At Large Member–Qualifications.

An Audit Committee at large member is not required to be a Cupertino resident. In selecting an at large member, the City Council shall give priority to individuals who have substantial accounting, audit, or investment experience, preferably in connection with a governmental agency.

(Ord. 1913, (part), 2003; Ord. 1874, § 1 (part), 2001; Ord. 1679, § 1 (part), 1995)

2.88.030 Terms of Office.

- A. Audit Committee members serve at the pleasure of the City Council. The term of office of the members of the Audit Committee shall be for four years commencing on the date of their respective appointments to the Audit Committee and shall end on January 30th of the year the terms are due to expire. No Audit Committee member shall serve more than two consecutive terms unless he or she has been appointed to the committee to fill an unexpired term of less than two years.
- B. The appointment, reappointment and rules governing incumbent members of the Audit Committee are governed by the Resolution of the City Council which governs advisory bodies.

(Ord. 18-2180, § 10 (part), 2018; Ord. 1974, § 1, 2006; Ord. 1679, § 1 (part), 1995)

2.88.040 Members–Vacancy Prior to Expiration of a Term.

If a vacancy occurs other than by expiration of a term, it shall be filled by the City Council's appointment for the unexpired portion of the term.

(Ord. 1679, § 1 (part), 1995)

2.88.050 Chairperson.

The committee shall elect its chairperson and vice chairperson from among its members and shall appoint a secretary. Terms of the chairperson and vice chairperson shall be for one year. Upon approval of the City Council, the City Manager may appoint a secretary who need not be a member of the committee.

(Ord. 2015, § 1, 2008; Ord. 1679, § 1 (part), 1995)

2.88.060 Meetings.

- A. The Audit Committee shall establish a regular time and place of meeting and rules of conduct thereof and shall hold at least one regular meeting quarterly.
- B. A majority of the Audit Committee shall constitute a quorum for the purpose of transacting the business of the committee.

(Ord. 1679, § 1 (part), 1995)

2.88.070 Compensation–Expenses.

Members shall serve on the Audit Committee without compensation, but all necessary expenses reasonably incurred by them while acting in their official capacity shall be paid by appropriate action of the City Council.

(Ord. 1679, § 1 (part), 1995)

2.88.080 Majority Vote Required.

A majority vote of the quorum is required to approve a recommendation on any matter that is presented to the committee which requires a vote.

(Ord. 1679, § 1 (part), 1995)

2.88.090 Records.

The committee shall keep an accurate record of its proceedings and transactions and shall render such reports to the City Council and Planning Commission as may be required. These records shall be filed with the City Clerk.

(Ord. 18-2180, § 10 (part), 2018; Ord. 1679, § 1 (part), 1995)

2.88.100 Duties–Powers–Responsibilities.

The powers and functions of the Audit Committee shall be as follows:

- A. To review the annual audit report and management letter;
- B. To recommend appointment of auditors;
- C. To review the Quarterly Treasurer’s investment report;
- D. To recommend a budget format;
- E. To review City investment policies and internal controls of such policies;
- F. To recommend appointment of internal auditors;
- G. To review internal audit reports;
- H. To review quarterly Fraud, Waste, and Abuse Program reports.

(Ord. 23-2247, § 1 (part), 2023; Ord. 22-2243, § 1, 2022; Ord. 20- 2208, § 1, 2020; Ord. 1679, § 1 (part), 1995)

2.88.110 City Staff Assistance.

The Audit Committee shall have available to it such assistance of City staff as may be required to perform its functions, the staff assignments and administrative procedures to be under the general direction and supervision of the Director of Administrative Services.

(Ord. 1679, § 1 (part), 1995)

2.88.120 Procedural Rules.

The Audit Committee may adopt from time to time such rules of procedure as it may deem necessary to properly exercise its powers and duties. Such rules shall be subject to approval by the Council before becoming effective. All such rules shall be kept on file with the chairperson of the Audit Committee, the Mayor, and the City Clerk and a copy thereof shall be furnished to any person upon request.

(Ord. 1679, § 1 (part), 1995)

2.88.130 Effect.

Nothing in this chapter shall be construed as restricting or curtailing any powers of the City Council or City officers.

(Ord. 1679, § 1 (part), 1995)



CITY OF CUPERTINO

Agenda Item

26-15077

Agenda Date: 4/27/2026
Agenda #: 9.

Subject: INFORMATIONAL ITEM Receive the proposed Audit Committee 2026 Schedule and Workplan

Receive the proposed Audit Committee 2026 Schedule and Workplan

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer

5:30 (5)

CITY OF CUPERTINO - AUDIT COMMITTEE 2026 SCHEDULE AND WORK PLAN

January 26, 2026 Regular Meeting	April 27, 2026 Regular Meeting	July 27, 2026 Regular Meeting	October 26, 2026 Regular Meeting	November/December 2026 Special Meeting
Appoint Audit Committee Chair and Vice Chair	Approve Prior Meeting Minutes	Approve Prior Meeting Minutes	Approve Prior Meeting Minutes	Approve Prior Meeting Minutes
Approve Prior Meeting Minutes	OPEB & Pension Trust Performance Report for Quarter Ending March 31, 2026	OPEB & Pension Trust Performance Report for Quarter Ending June 30, 2026	OPEB & Pension Trust Performance Report for Quarter Ending September 30, 2026	Review of FY 2025/26 ACFR
OPEB & Pension Trust Performance Report for Quarter Ending December 31, 2025	Quarterly Treasurer's Investment Report for Quarter Ending March 31, 2026	Quarterly Treasurer's Investment Report for Quarter Ending June 30, 2026	Quarterly Treasurer's Investment Report for Quarter Ending September 30, 2026	
OPEB & Pension Trust Policy Review	Internal Audit and Fraud, Waste, and Abuse Programs Update	Internal Audit and Fraud, Waste, and Abuse Program Update	Internal Audit and Fraud, Waste, and Abuse Program Update	
Quarterly Treasurer's Investment Report for Quarter Ending December 31, 2025	Annual Review of City Investment Policy	Fiscal Year 2025-26 ACFR Interim Testing Update	Annual Review of OPEB and Pension Trust Investment Policies	
Internal Audit and Fraud, Waste, and Abuse Programs Update	FY 24-25 Single Audit and Agreed Upon Procedures (AUP) Review - GANN Limit, Investment Policy, Storm Drain	City Council Policy Review	Fiscal Year 2025-26 ACFR Update	
	Audit Committee Roles and Responsibilities	Internal Audit Program		

**Summary of Duties – Powers – Responsibilities of
Cupertino Audit Committee**

Source: Cupertino, CA Municipal Code, Chapter 2.88.100: Audit Committee

The powers and functions of the Audit Committee shall be as follows:

- To review the annual audit report and management letter;
- To recommend appointment of auditors;
- To review the quarterly Treasurer's Investment report;
- To recommend a budget format;
- To review City investment policies and internal controls of such policies.
- To recommend appointment of internal auditors;
- To review internal audit reports.
- To review quarterly Fraud, Waste, and Abuse Program reports. (Ord. 22-2243 § 1, 2023; Ord. 20-2208, § 1, 2020; Ord. 1679, § 1 (part), 1995)