PARS PUBLIC AGENCY RETIREMENT SERVICES

CITY OF CUPERTINO

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

PARS TRUST TEAM

Trust Administrator & Consultant*

PARS PUBLIC AGENCY RETIREMENT SERVICES

- 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+ Total Plans Administered

1,100+ Public Agency Clients

550+ 115 Trust Clients

750K+ Plan Participants

$11.7 B+ Assets under Administration

** See important information regarding PARS in the Disclaimer page at the end of the presentation.*

Trustee

usbank

- 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

Investment Manager

pfm asset management

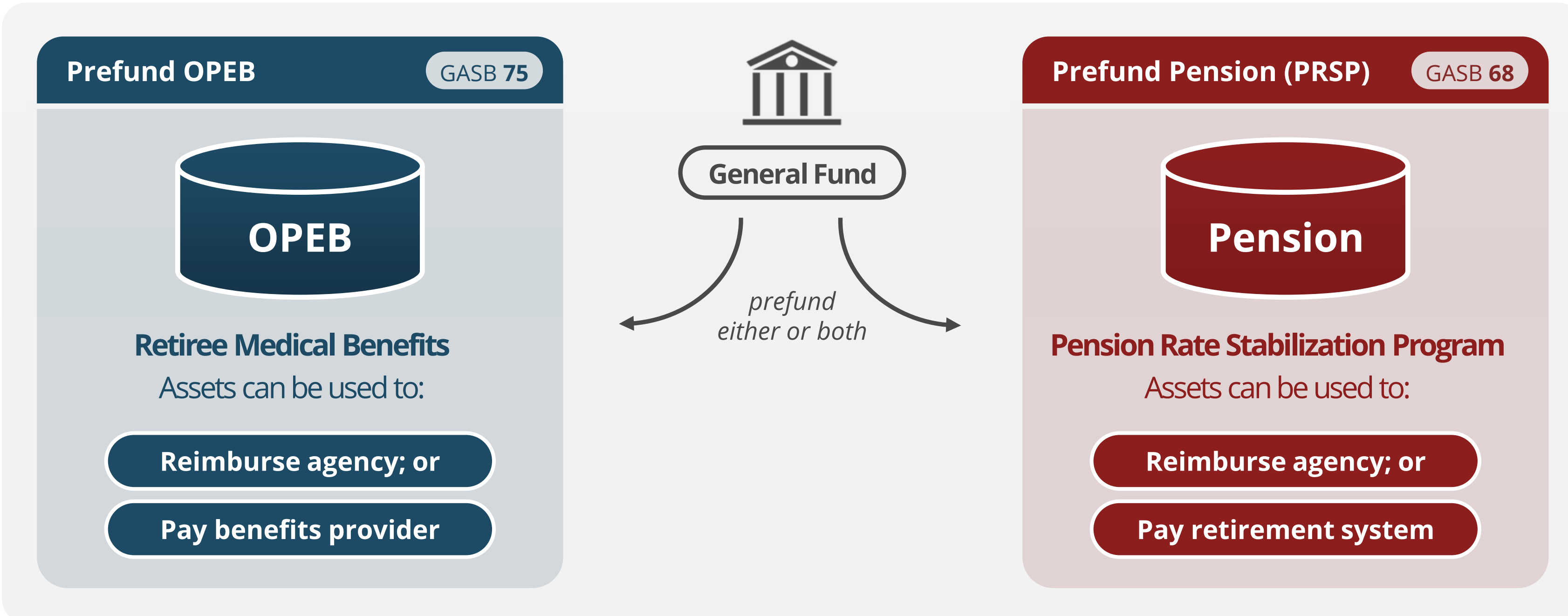
- A division of U.S. Bancorp Asset Management, Inc.
- Fixed income and multi asset portfolios
- Strategic Blend and Index platform options
- Customized portfolios (with minimum asset level)

41 Years of Investment Experience *(As of 3/31/2026)*

$252.8B* Assets under Management & Advisement

**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.

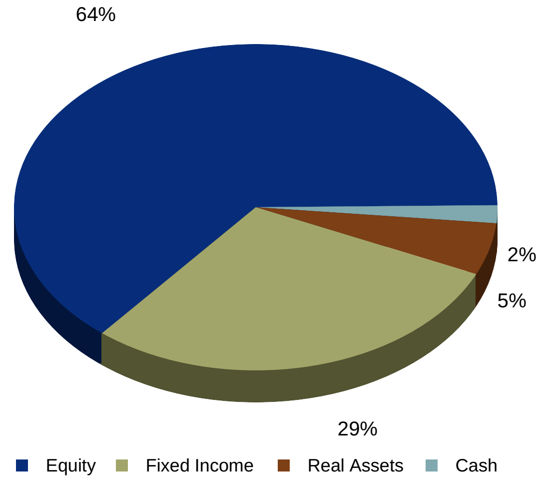
Account: XXXXXX9600 | *Holdings Method: Direct* | *Report Date: 06/30/2026*

Portfolio Summary

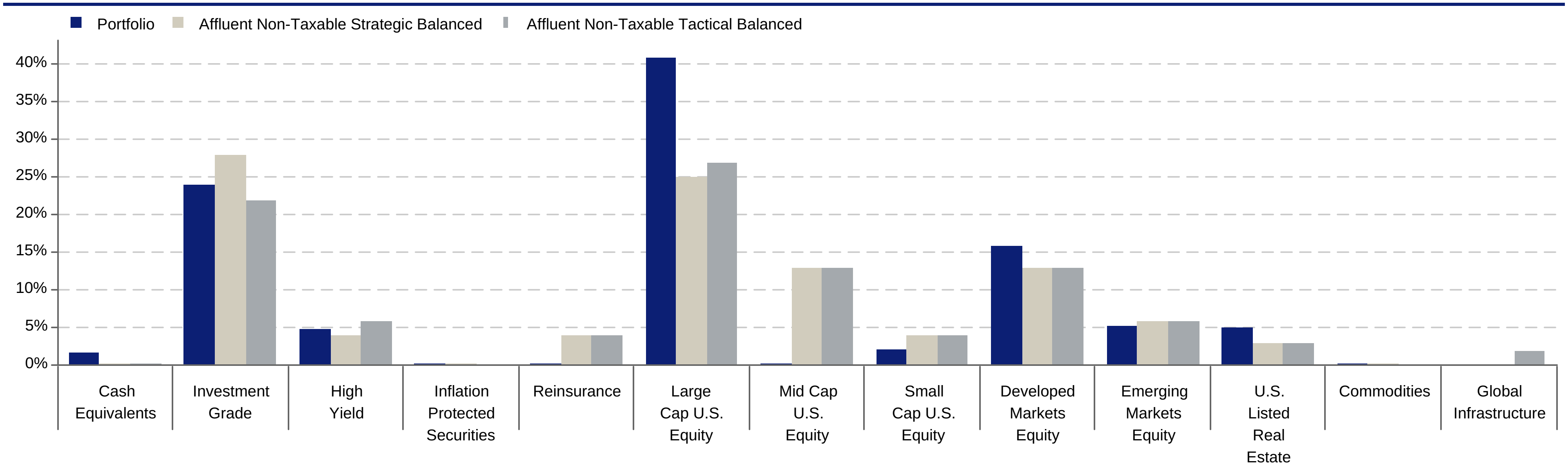
Inv. Objective	Balanced/Nontaxable-1
Total Portfolio Value	$50,005,336
Net Realized Cap Gains YTD	$511,997
Annual Income Projected	$1,198,209
Current Yield	2.40%
Number of Securities	8
Portfolio Mgr.	Dennis S. Mullins, CFA

Portfolio Asset Allocation

Equity	$32,065,971	64.13%
Fixed Income	$14,512,400	29.02%
Real Assets	$2,546,563	5.09%
Cash	$880,403	1.76%
Invested Total	**$50,005,336**	**100.00%**



Portfolio Model Allocation



Holdings Date: 6/30/2026

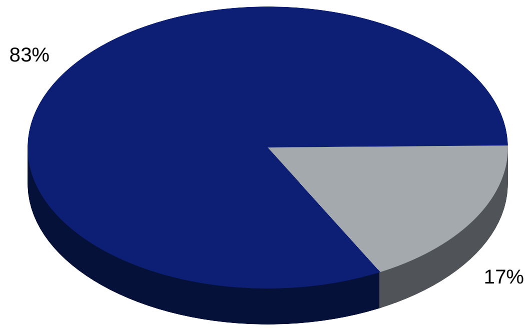
Account: XXXXXX9600 *Holdings Method: Direct* *Report Date: 06/30/2026*

Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Total Fixed Income Value	$14,512,400
Current Yield	4.31%
Annual Income Projected	$624,822
Number of Securities	2
Portfolio Mgr.	Dennis S. Mullins, CFA

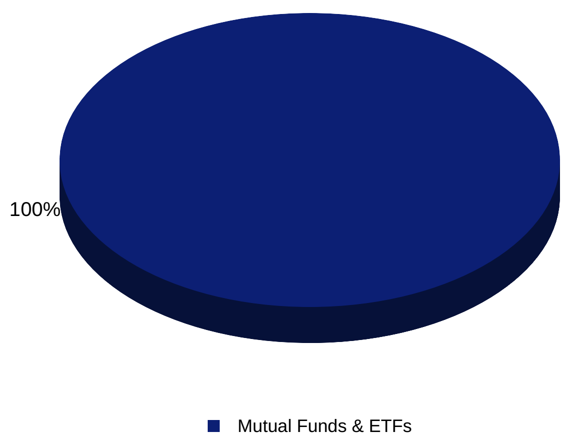
Fixed Income Asset Allocation

Investment Grade	$12,021,314	82.83%
High Yield	$2,491,086	17.17%

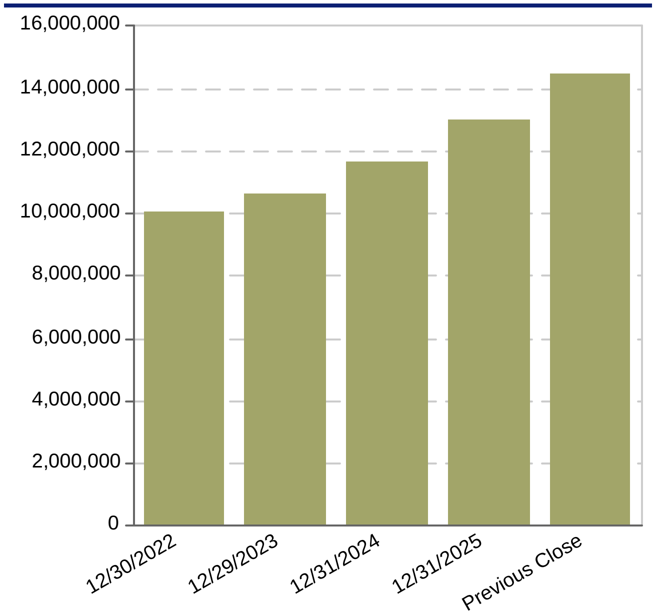


Fixed Income Sector Exposures

Mutual Funds & ETFs	$14,512,400	100.00%



Fixed Income Market Value



Holdings Date: 6/30/2026

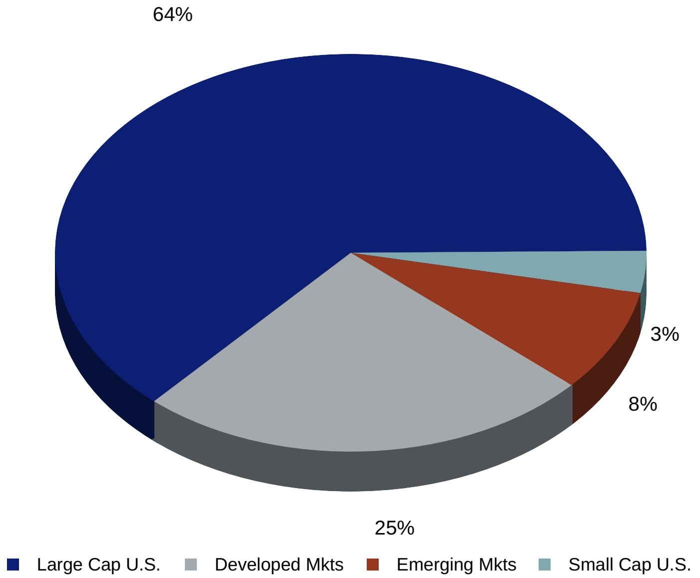
Account: XXXXXX9600 | *Holdings Method: Direct and Indirect (securities held in mutual funds & ETFs)* | *Report Date: 06/30/2026*

Equity Summary

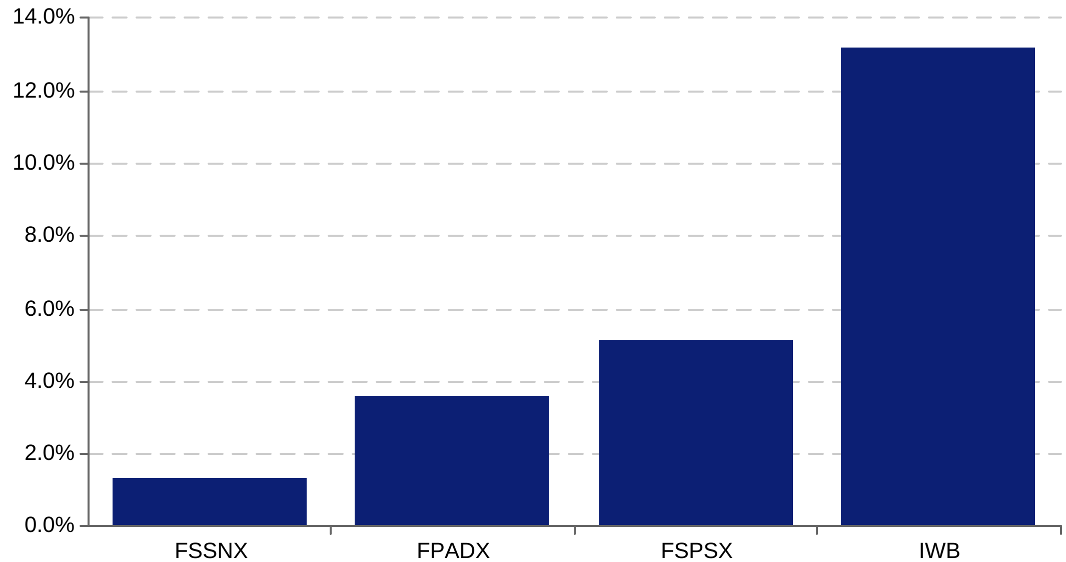
Inv. Objective	Balanced/Nontaxable-1
Total Equity Value	$32,065,971
Current Yield	1.48%
Annual Income Projected	$475,884
Number of Securities	4
Portfolio Mgr.	Dennis S. Mullins, CFA

Equity Asset Allocation

Large Cap U.S.	$20,389,005	63.58%
Developed Mkts	$7,944,107	24.77%
Emerging Mkts	$2,663,024	8.30%
Small Cap U.S.	$1,069,835	3.34%



Bottom 5/ Top 5 Contributors (Trailing 12 Months)



Equity Global Distribution

Equity Country Distribution

Holdings Date: 6/30/2026

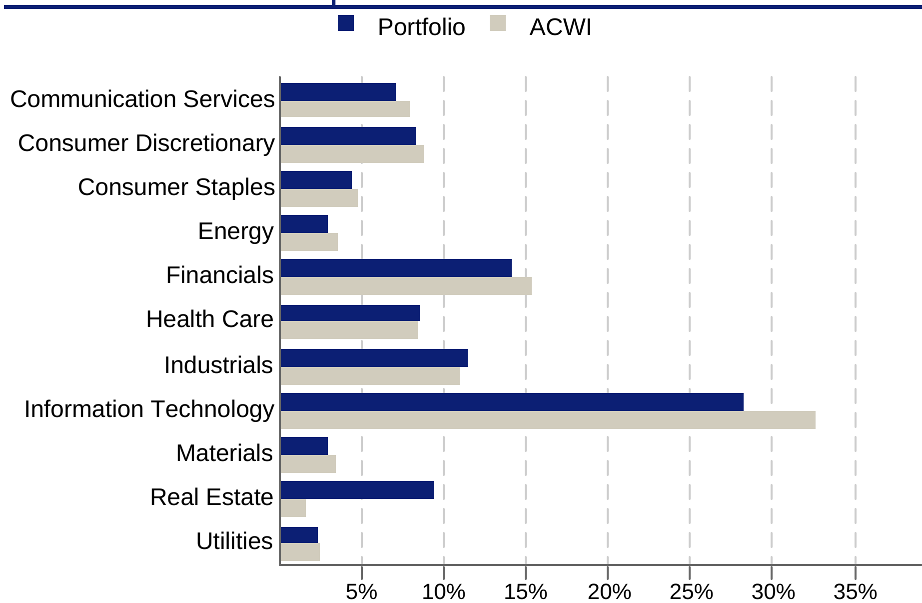
Top 10 Common Stock Holdings

	Stock Wt. (%)	Full Port Wt. (%)	Yield (%)	YTD Return* (%)	52 Wk Return* (%)
NVIDIA Corporation	4.07	2.74	0.51	7.4	26.8
Apple Inc.	3.65	2.46	0.35	6.6	41.6
Microsoft Corporation	2.42	1.63	0.94	-22.5	-24.4
Amazon.com, Inc.	2.02	1.36	0.00	3.3	8.6
Alphabet Inc. Class A	1.82	1.22	0.24	14.3	103.4
Broadcom Inc.	1.53	1.03	0.70	9.5	38.0
Alphabet Inc. Class C	1.47	0.99	0.24	12.7	99.8
Taiwan Semiconductor Manufa...	1.15	0.77	0.89	56.4	130.4
Micron Technology, Inc.	1.14	0.77	0.06	304.6	838.8
Meta Platforms Inc Class A	1.08	0.73	0.35	-14.5	-23.4

Common Stock Characteristics

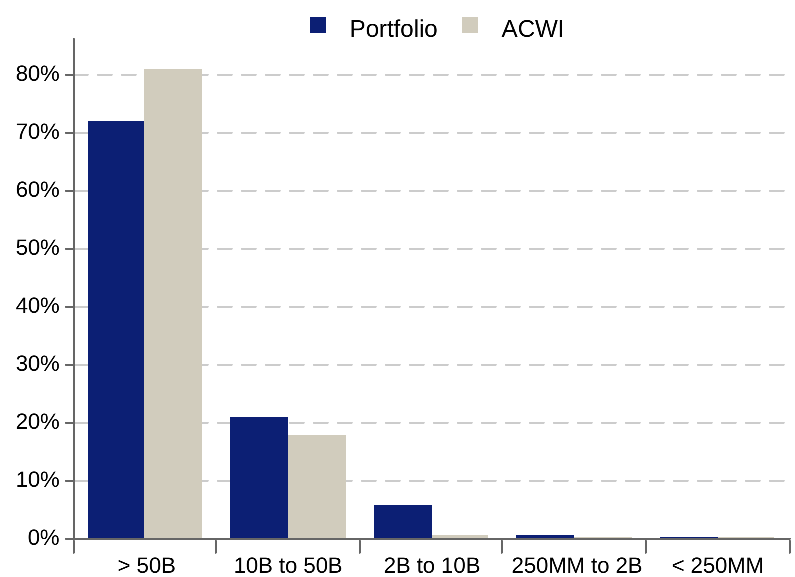
	Portfolio	ACWI
Market Cap - Wtd Avg	$851.7B	$985.6B
Market Cap - Median	$7.3B	$21.2B
Dividend Yield	1.65	1.48
P/E NTM	18.1	17.3
P/E LTM	22.9	22.7
ROE (%)	19.4	21.7
1 Yr Beta vs. S&P Composite	.90	.90
Est 3-5 Yr EPS Growth (%)	17.0	18.5
Hist 3 Yr EPS Growth (%)	22.7	25.4
Number of Securities	4800	2222

Common Stock Sector Exposures



	Portfolio	ACWI
Communication Services	7.08	7.90
Consumer Discretionary	8.34	8.81
Consumer Staples	4.42	4.75
Energy	2.93	3.53
Financials	14.15	15.43
Health Care	8.61	8.42
Industrials	11.44	11.03
Information Technology	28.25	32.61
Materials	3.02	3.44
Real Estate	9.39	1.60
Utilities	2.36	2.48

Common Stock Market Cap Distribution



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

Holdings Date: 6/30/2026

Account: XXXXXX9600 *Holdings Method: Direct* *Report Date: 06/30/2026*

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**50,005,336**	**40,463,251**	**9,542,086**	**2.40**	**1,198,209**
Cash		**1.76**			**880,403**	**880,403**	**0**	**3.56**	**31,319**
Cash Equivalents		**1.76**			**880,403**	**880,403**	**0**	**3.56**	**31,319**
FIRST AM GOVT OB FD CL X	31846V336	1.76	1.00	880,403	880,403	880,403	0	3.56	31,319
Fixed Income		**29.02**			**14,512,400**	**14,443,313**	**69,087**	**4.31**	**624,822**
Investment Grade		**24.04**			**12,021,314**	**11,831,564**	**189,750**	**3.72**	**446,769**
Mutual Funds & ETFs		24.04			12,021,314	11,831,564	189,750	3.72	446,769
Fidelity U.S. Bond Index Fund	FXNAX	24.04	10.44	1,151,467	12,021,314	11,831,564	189,750	3.72	446,769
High Yield		**4.98**			**2,491,086**	**2,611,749**	**-120,663**	**7.15**	**178,053**
Mutual Funds & ETFs		4.98			2,491,086	2,611,749	-120,663	7.15	178,053
Artisan High Income Fund - Institutional Sh...	APHFX	4.98	9.01	276,480	2,491,086	2,611,749	-120,663	7.15	178,053
Equity		**64.13**			**32,065,971**	**22,950,611**	**9,115,360**	**1.48**	**475,884**
Large Cap U.S. Equity		**40.77**			**20,389,005**	**15,005,456**	**5,383,549**	**0.92**	**187,708**
Mutual Funds & ETFs		40.77			20,389,005	15,005,456	5,383,549	0.92	187,708
iShares Russell 1000 ETF	IWB	40.77	409.50	49,790	20,389,005	15,005,456	5,383,549	0.92	187,708
Small Cap U.S. Equity		**2.14**			**1,069,835**	**697,221**	**372,614**	**1.02**	**10,961**
Mutual Funds & ETFs		2.14			1,069,835	697,221	372,614	1.02	10,961
Fidelity Small Cap Index Fund	FSSNX	2.14	37.87	28,250	1,069,835	697,221	372,614	1.02	10,961
Developed Markets Equity		**15.89**			**7,944,107**	**5,718,427**	**2,225,680**	**2.86**	**227,534**
Mutual Funds & ETFs		15.89			7,944,107	5,718,427	2,225,680	2.86	227,534
Fidelity International Index Fund	FSPSX	15.89	66.93	118,693	7,944,107	5,718,427	2,225,680	2.86	227,534
Emerging Markets Equity		**5.33**			**2,663,024**	**1,529,507**	**1,133,517**	**1.87**	**49,681**
Mutual Funds & ETFs		5.33			2,663,024	1,529,507	1,133,517	1.87	49,681
Fidelity Emerging Markets Index Fund	FPADX	5.33	17.26	154,289	2,663,024	1,529,507	1,133,517	1.87	49,681
Real Assets		**5.09**			**2,546,563**	**2,188,924**	**357,639**	**2.60**	**66,184**
U.S. Listed Real Estate		**5.09**			**2,546,563**	**2,188,924**	**357,639**	**2.60**	**66,184**
iShares Core U.S. REIT ETF	USRT	5.09	66.45	38,323	2,546,563	2,188,924	357,639	2.60	66,184

Holdings Date: 6/30/2026

Selected Period Performance

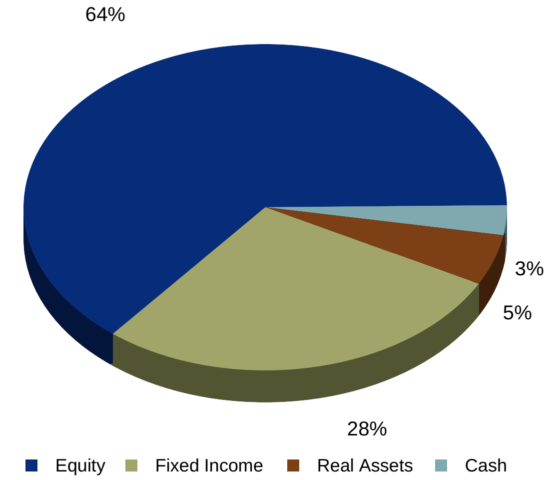
	Market Value	Year to Date (6 Months)	3 Months	1 Year	3 Years	5 Years	145 Months	Inception to Date 07/01/2010
Total Portfolio Gross of Fees	50,056,767	8.75	10.05	17.49	14.70	6.76	7.39	7.72
Total Portfolio Net of Fees	50,056,767	8.67	10.00	17.31	14.51	6.58	7.18	
City of Cupertino		8.55	9.85	17.47	14.52	7.57	7.56	8.50
Total Equity	32,065,971	11.92	14.36	24.13	19.64	9.52	11.04	12.53
MSCI ACWI (Net)		11.25	14.93	23.67	19.70	10.98	10.36	11.41
Russell 3000 Index		10.88	15.44	22.82	20.36	12.31	13.40	14.97
S&P 500 Index (Total Return)		10.21	15.20	22.33	20.61	13.41	13.90	15.32
S&P MidCap 400 Index		17.34	14.47	25.89	15.41	9.07	10.60	12.86
S&P SmallCap 600 Index		23.90	19.70	37.50	16.05	7.37	10.45	12.86
MSCI EAFE Index (Net)		9.44	10.82	20.23	16.44	9.05	6.68	8.26
MSCI Emerging Markets Index (Net)		23.85	24.05	43.51	23.03	7.20	6.89	6.53
Total Fixed Income	14,561,087	.78	.87	3.86	4.91	1.03	1.31	2.04
BB US Aggregate Bond Index		.62	.67	3.79	4.16	.08	1.93	2.38
BB Global Aggregate Index		-.21	.87	.62	3.41	-1.55	.47	1.42
Total Real Assets	2,546,563	17.76	12.91	20.87	12.47	5.38		
S&P Global REIT Index (Gross)		12.24	11.08	16.65	11.31	4.05	5.74	8.39
S&P GSCI Index		24.09	-11.38	30.39	14.56	13.34	-.23	1.18
Total Cash Equivalents	883,146	1.78	.89	3.87	4.62	3.52	1.86	1.41
FTSE 3 Month Treasury Bill Index		1.87	.93	4.05	4.86	3.69	2.00	1.53
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

Portfolio Summary

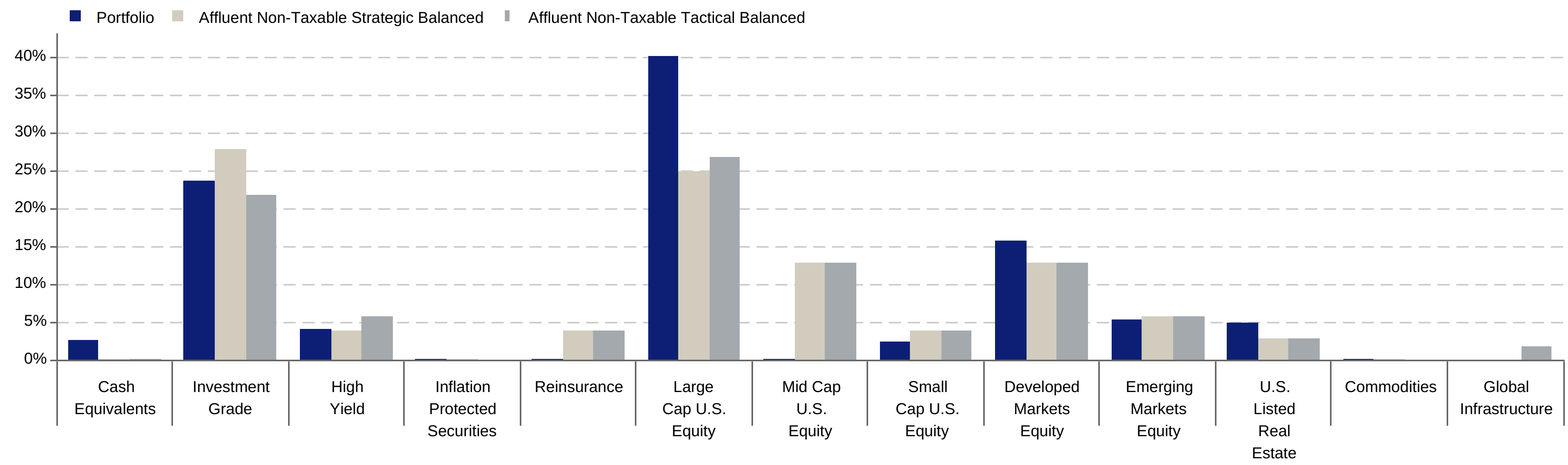
Inv. Objective	Balanced/Nontaxable-1
Total Portfolio Value	$28,470,162
Net Realized Cap Gains YTD	$294,085
Annual Income Projected	$673,424
Current Yield	2.37%
Number of Securities	8
Portfolio Mgr.	Dennis S. Mullins, CFA

Portfolio Asset Allocation

Equity	$18,297,278	64.27%
Fixed Income	$7,942,660	27.90%
Real Assets	$1,428,741	5.02%
Cash	$801,483	2.82%
Invested Total	**$28,470,162**	**100.00%**



Portfolio Model Allocation

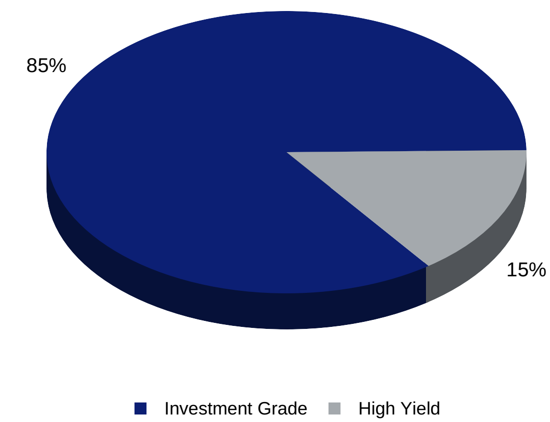


Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Total Fixed Income Value	$7,942,660
Current Yield	4.23%
Annual Income Projected	$335,860
Number of Securities	2
Portfolio Mgr.	Dennis S. Mullins, CFA

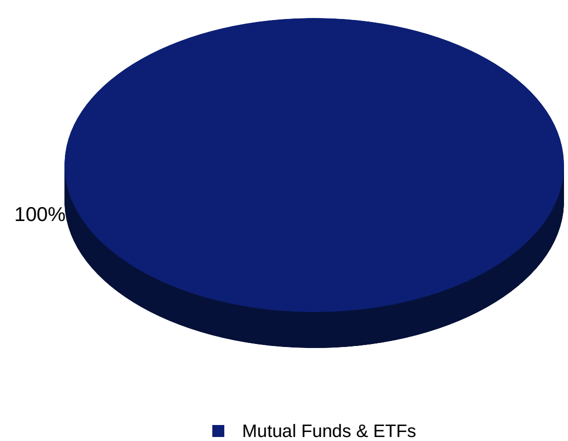
Fixed Income Asset Allocation

Investment Grade	$6,757,243	85.08%
High Yield	$1,185,417	14.92%

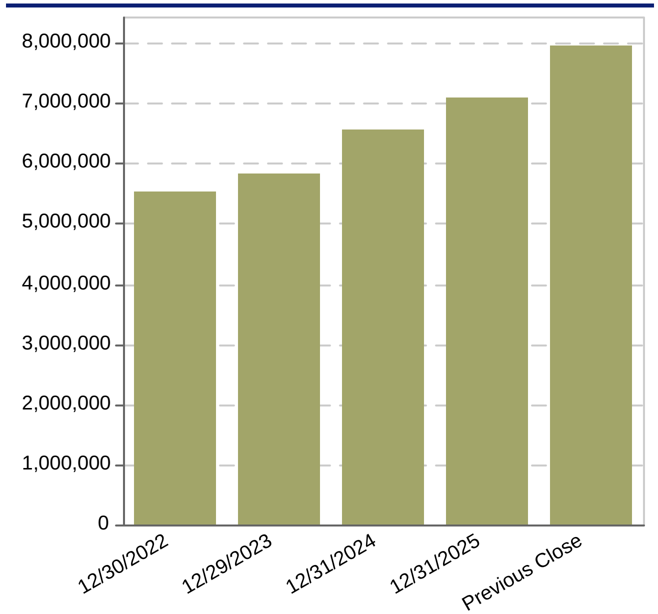


Fixed Income Sector Exposures

Mutual Funds & ETFs	$7,942,660	100.00%



Fixed Income Market Value



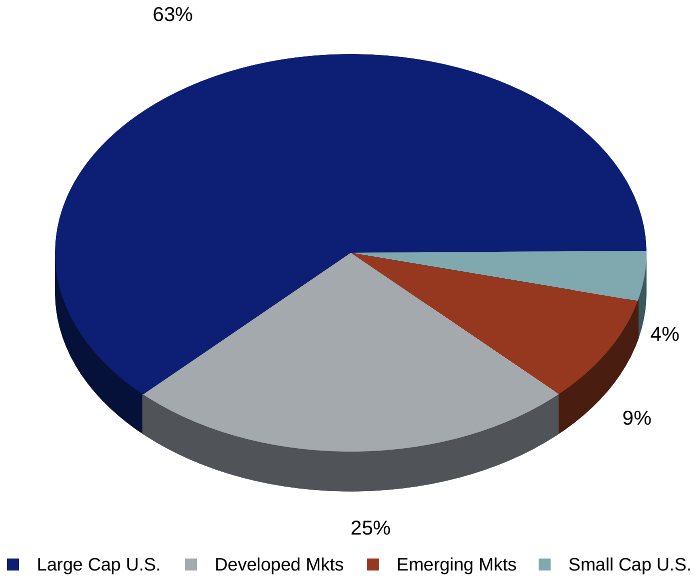
Account: XXXXXX9601 | *Holdings Method: Direct and Indirect (securities held in mutual funds & ETFs)* | *Report Date: 06/30/2026*

Equity Summary

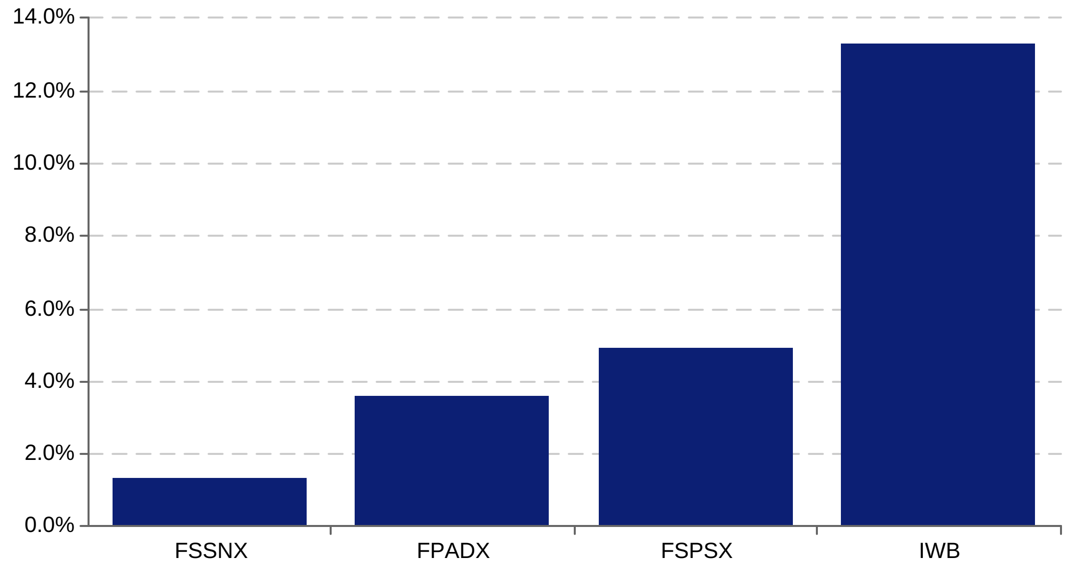
Inv. Objective	Balanced/Nontaxable-1
Total Equity Value	$18,297,278
Current Yield	1.49%
Annual Income Projected	$271,920
Number of Securities	4
Portfolio Mgr.	Dennis S. Mullins, CFA

Equity Asset Allocation

Large Cap U.S.	$11,467,638	62.67%
Developed Mkts	$4,520,830	24.71%
Emerging Mkts	$1,570,110	8.58%
Small Cap U.S.	$738,700	4.04%



Bottom 5/ Top 5 Contributors (Trailing 12 Months)



Equity Global Distribution

North America	67.39%
Europe	16.28%
Asia	15.22%
Middle East	0.55%
South America	0.34%
Africa	0.22%

Equity Country Distribution

United States	67.18%
Japan	5.79%
United Kingdom	3.54%
France	2.38%
Switzerland	2.37%

Holdings Date: 6/30/2026

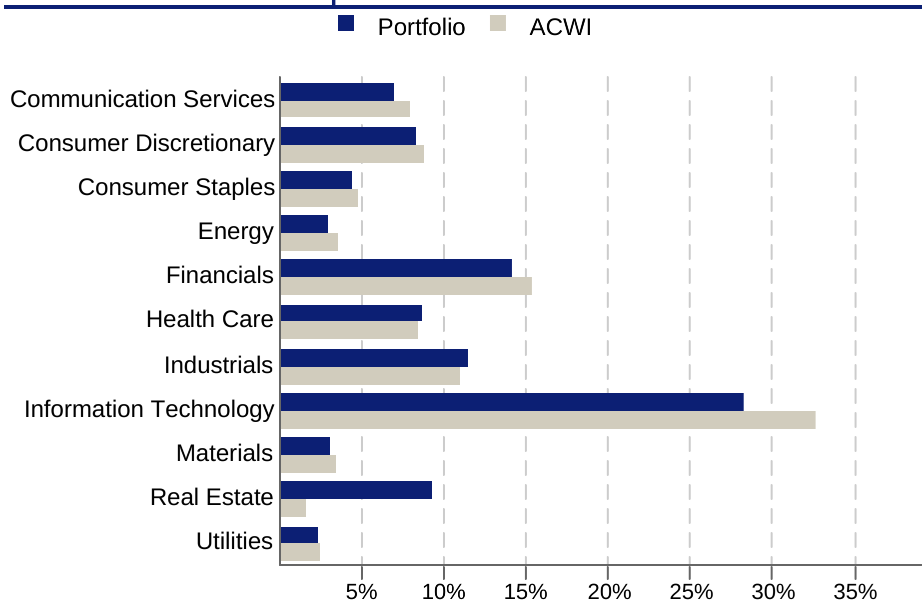
Top 10 Common Stock Holdings

	Stock Wt. (%)	Full Port Wt. (%)	Yield (%)	YTD Return* (%)	52 Wk Return* (%)
NVIDIA Corporation	4.02	2.71	0.51	7.4	26.8
Apple Inc.	3.60	2.43	0.35	6.6	41.6
Microsoft Corporation	2.39	1.61	0.94	-22.5	-24.4
Amazon.com, Inc.	1.99	1.34	0.00	3.3	8.6
Alphabet Inc. Class A	1.79	1.21	0.24	14.3	103.4
Broadcom Inc.	1.51	1.02	0.70	9.5	38.0
Alphabet Inc. Class C	1.45	0.98	0.24	12.7	99.8
Taiwan Semiconductor Manufa...	1.19	0.80	0.89	56.4	130.4
Micron Technology, Inc.	1.12	0.76	0.06	304.6	838.8
Meta Platforms Inc Class A	1.07	0.72	0.35	-14.5	-23.4

Common Stock Characteristics

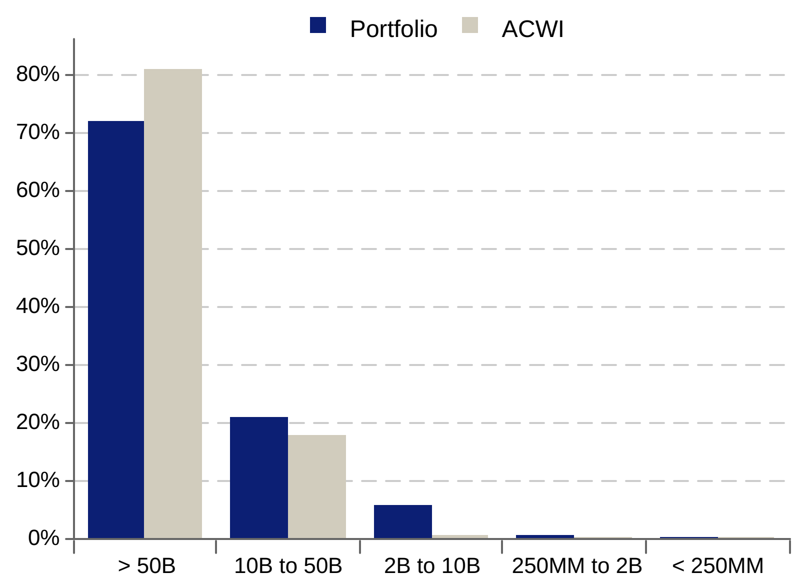
	Portfolio	ACWI
Market Cap - Wtd Avg	$843.0B	$985.6B
Market Cap - Median	$7.3B	$21.2B
Dividend Yield	1.65	1.48
P/E NTM	18.0	17.3
P/E LTM	22.8	22.7
ROE (%)	19.3	21.7
1 Yr Beta vs. S&P Composite	.90	.90
Est 3-5 Yr EPS Growth (%)	17.0	18.5
Hist 3 Yr EPS Growth (%)	22.7	25.4
Number of Securities	4800	2222

Common Stock Sector Exposures



	Portfolio	ACWI
Communication Services	7.03	7.90
Consumer Discretionary	8.34	8.81
Consumer Staples	4.40	4.75
Energy	2.95	3.53
Financials	14.19	15.43
Health Care	8.66	8.42
Industrials	11.50	11.03
Information Technology	28.21	32.61
Materials	3.04	3.44
Real Estate	9.30	1.60
Utilities	2.37	2.48

Common Stock Market Cap Distribution



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

Holdings Date: 6/30/2026

Account: XXXXXX9601 *Holdings Method: Direct* *Report Date: 06/30/2026*

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**28,470,162**	**23,050,086**	**5,420,077**	**2.37**	**673,424**
Cash		**2.82**			**801,483**	**801,483**	**0**	**3.56**	**28,511**
Cash Equivalents		**2.82**			**801,483**	**801,483**	**0**	**3.56**	**28,511**
FIRST AM GOVT OB FD CL X	31846V336	2.82	1.00	801,483	801,483	801,483	0	3.56	28,511
Fixed Income		**27.90**			**7,942,660**	**8,064,392**	**-121,732**	**4.23**	**335,860**
Investment Grade		**23.73**			**6,757,243**	**6,813,771**	**-56,528**	**3.72**	**251,131**
Mutual Funds & ETFs		23.73			6,757,243	6,813,771	-56,528	3.72	251,131
Fidelity U.S. Bond Index Fund	FXNAX	23.73	10.44	647,245	6,757,243	6,813,771	-56,528	3.72	251,131
High Yield		**4.16**			**1,185,417**	**1,250,622**	**-65,204**	**7.15**	**84,729**
Mutual Funds & ETFs		4.16			1,185,417	1,250,622	-65,204	7.15	84,729
Artisan High Income Fund - Institutional Sh...	APHFX	4.16	9.01	131,567	1,185,417	1,250,622	-65,204	7.15	84,729
Equity		**64.27**			**18,297,278**	**12,955,715**	**5,341,562**	**1.49**	**271,920**
Large Cap U.S. Equity		**40.28**			**11,467,638**	**8,439,703**	**3,027,935**	**0.92**	**105,575**
Mutual Funds & ETFs		40.28			11,467,638	8,439,703	3,027,935	0.92	105,575
iShares Russell 1000 ETF	IWB	40.28	409.50	28,004	11,467,638	8,439,703	3,027,935	0.92	105,575
Small Cap U.S. Equity		**2.59**			**738,700**	**453,131**	**285,568**	**1.02**	**7,568**
Mutual Funds & ETFs		2.59			738,700	453,131	285,568	1.02	7,568
Fidelity Small Cap Index Fund	FSSNX	2.59	37.87	19,506	738,700	453,131	285,568	1.02	7,568
Developed Markets Equity		**15.88**			**4,520,830**	**3,178,510**	**1,342,320**	**2.86**	**129,485**
Mutual Funds & ETFs		15.88			4,520,830	3,178,510	1,342,320	2.86	129,485
Fidelity International Index Fund	FSPSX	15.88	66.93	67,546	4,520,830	3,178,510	1,342,320	2.86	129,485
Emerging Markets Equity		**5.51**			**1,570,110**	**884,372**	**685,739**	**1.87**	**29,292**
Mutual Funds & ETFs		5.51			1,570,110	884,372	685,739	1.87	29,292
Fidelity Emerging Markets Index Fund	FPADX	5.51	17.26	90,968	1,570,110	884,372	685,739	1.87	29,292
Real Assets		**5.02**			**1,428,741**	**1,228,495**	**200,246**	**2.60**	**37,132**
U.S. Listed Real Estate		**5.02**			**1,428,741**	**1,228,495**	**200,246**	**2.60**	**37,132**
iShares Core U.S. REIT ETF	USRT	5.02	66.45	21,501	1,428,741	1,228,495	200,246	2.60	37,132

Holdings Date: 6/30/2026

Selected Period Performance

	Market Value	Year to Date (6 Months)	3 Months	1 Year	3 Years	5 Years	Inception to Date 05/01/2019
Total Portfolio Gross of Fees	28,499,534	8.83	10.15	17.54	14.65	6.76	9.31
Total Portfolio Net of Fees	28,499,534	8.74	10.11	17.36	14.46	6.58	9.12
City of Cupertino		8.55	9.85	17.47	14.52	7.57	9.34
Total Equity	18,297,278	11.98	14.45	24.15	19.62	9.51	13.07
MSCI ACWI (Net)		11.25	14.93	23.67	19.70	10.98	12.99
Russell 3000 Index		10.88	15.44	22.82	20.36	12.31	15.14
S&P 500 Index (Total Return)		10.21	15.20	22.33	20.61	13.41	15.71
S&P MidCap 400 Index		17.34	14.47	25.89	15.41	9.07	11.53
S&P SmallCap 600 Index		23.90	19.70	37.50	16.05	7.37	10.75
MSCI EAFE Index (Net)		9.44	10.82	20.23	16.44	9.05	9.79
MSCI Emerging Markets Index (Net)		23.85	24.05	43.51	23.03	7.20	9.36
Total Fixed Income	7,969,729	.81	.90	3.90	4.92	1.03	1.13
BB US Aggregate Bond Index		.62	.67	3.79	4.16	.08	1.61
BB Global Aggregate Index		-.21	.87	.62	3.41	-1.55	.35
Total Real Assets	1,428,741	17.76	12.91	20.91	12.47	5.41	6.78
S&P Global REIT Index (Gross)		12.24	11.08	16.65	11.31	4.05	5.21
S&P GSCI Index		24.09	-11.38	30.39	14.56	13.34	9.09
Total Cash Equivalents	803,786	1.78	.89	3.87	4.62	3.49	2.65
FTSE 3 Month Treasury Bill Index		1.87	.93	4.05	4.86	3.69	2.85
Pending Cash	0	.00	.00	.00	.00	.00	.00

Explanation of Variance between Portfolio and Benchmark returns

Benchmark Compostion
64% MSCI ACWI (net)
30% BB Aggregate
5% S&P Global REIT TR USD
S&P GSCI
1% FTSE 3 month US T-bill.

7/1/2026 New Benchmark	Old Benchmark	Pension Average Held	OPEB Average Held
64.00%	63.00%	64.23%	64.46%
30.00%	29.00%	28.34%	28.38%
5.00%	5.00%	4.94%	5.01%
0.00%	2.00%	0.00%	0.00%
1.00%	1.00%	2.48%	2.15%
100.00%	100.00%		

Pension			
For the quarter ending June 30, 2026			
Selection	Weighting	Interaction	Portfolio Total
-0.31%	0.06%	0.03%	-0.23%
0.03%	0.03%	0.00%	0.06%
0.09%	-0.01%	0.00%	0.09%
0.25%	0.45%	-0.25%	0.45%
0.00%	-0.11%	0.00%	-0.11%
			0.26%

OPEB			
For the quarter ending June 30, 2026			
Selection	Weighting	Interaction	Portfolio Total
-0.36%	0.06%	0.01%	-0.30%
0.02%	0.04%	0.00%	0.06%
0.09%	-0.01%	0.00%	0.09%
0.25%	0.45%	-0.25%	0.45%
0.00%	-0.14%	0.00%	-0.14%
			0.16%

Total Portfolio Return for the quarter

	Pension	OPEB
net	10.11%	10.00%
benchmark	9.85%	9.85%
Variance	0.26%	0.15%

Slight positive variance in the quarter from bonds due to HY exposure, Real Estate, Global Infrastructure.
Stocks slightly under performed. Performance of stocks was helped by our allocation to small cap stocks which is not in the index.
Large Stocks +15.2% vs small stocks +21.49%. Detracting from stock performance was our slight underweight to EM
Overall performance detractor comes from higher cash balance than the benchmark.

RESOLUTION NO. 26-062

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CUPERTINO ACCEPTING THE CITY INVESTMENT POLICY FOR THE OTHER POST-EMPLOYMENT BENEFITS TRUST

WHEREAS, the City's Other Post-Employment Benefit Trust, established for sole purpose to benefit the general public, has available funds to invest in accordance with principles of sound treasury management; and

WHEREAS, the City invests funds in accordance with provisions of California Government Code Section 53600; and

WHEREAS, the City's Audit Committee reviewed and accepted the attached City Investment Policy for the Other Post-Employment Benefits Trust on January 26, 2026.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Cupertino accepts the attached City Investment Policy for the Other Post-Employment Benefits Trust dated May 19, 2026.

BE IT FURTHER RESOLVED that this Resolution is not a project under the requirements of the California Environmental Quality Act, together with related State CEQA Guidelines (collectively, "CEQA") because it has no potential for resulting in physical change in the environment. In the event that this Resolution is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility that the action approved may have a significant effect on the environment. CEQA applies only to actions which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. In this circumstance, the proposed action to accept the City's Investment Policy would have no or only a de minimis effect on the environment. The foregoing determination is made by the City Council in its independent judgment.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Cupertino this 19th day of May 2026, by the following vote:

Vote	Members of the City Council
AYES:	Moore, Chao, Fruen, Mohan
NOES:	None
ABSENT:	Wang
ABSTAIN:	None

SIGNED: Catherine "Kitty" Moore Kitty Moore, Mayor City of Cupertino	5/29/2026 Date
ATTEST: Lauren Sapudar Lauren Sapudar, City Clerk	5/29/2026 Date

<table>
<tr><td rowspan="2">CITY OF CUPERTINO
Other Post-Employment Benefits (OPEB) Investment Policy</td><td>Citywide Policy Manual</td></tr>
<tr><td>Attachments: N/A</td></tr>
<tr><td>Effective Date:
May 19, 2026</td><td>Responsible Department:
Administrative Services</td></tr>
<tr><td colspan="2">Related Policies & Notes:
City Investment Policy, Pension Investment Policy</td></tr>
</table>

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:	$45.1 million (September 2025)
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%	30%
Equities	50-70%	64%
Real Estate	0-10%	5%
Global Infrastructure	0-10%	0%
Commodities	0-10%	0%
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.

All investment decisions shall be made in accordance with the fiduciary duty to act prudently and solely in the best financial interests of the Trusts and their beneficiaries. Investment decisions shall prioritize the preservation and long-term growth of Trust assets while balancing risk, diversification, liquidity needs, and long-term funding objectives.

Environmental, Social, and Governance (ESG) factors may be considered as part of the overall investment evaluation process when determined to be consistent with the City's fiduciary obligations and long-term investment objectives. Consideration of ESG-related factors shall not supersede the fiduciary duty to act prudently and in the best financial interests of the Trusts.

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
- Global Infrastructure Mutual Funds or Exchange Traded 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: Tina Kapoor
Tina Kapoor (Jun 4, 2026 15:13:17 PDT)

Date: 06/04/2026

Director of Administrative Services' signature: ______________________

Date: 05/19/2026

Revisions: 6.5.2018, 11.19.2019, 11.17.2020, 12.7.2021, 12.06.2022, 12.05.2023, 12.03.2024, 05.19.2026

RESOLUTION NO. 26-063

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CUPERTINO ACCEPTING THE CITY INVESTMENT POLICY FOR THE PENSION TRUST

WHEREAS, the City's Pension Trust, established for sole purpose to benefit the general public, has available funds to invest in accordance with principles of sound treasury management; and

WHEREAS, the City invests funds in accordance with provisions of California Government Code Section 53600; and

WHEREAS, the City's Audit Committee reviewed and accepted the attached City Investment Policy for the Pension Trust on January 26, 2026.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Cupertino accepts the attached City Investment Policy for the Pension Trust dated May 19, 2026.

BE IT FURTHER RESOLVED that this Resolution is not a project under the requirements of the California Environmental Quality Act, together with related State CEQA Guidelines (collectively, "CEQA") because it has no potential for resulting in physical change in the environment. In the event that this Resolution is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility that the action approved may have a significant effect on the environment. CEQA applies only to actions which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. In this circumstance, the proposed action to accept the City's Investment Policy would have no or only a de minimis effect on the environment. The foregoing determination is made by the City Council in its independent judgment.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Cupertino this 19th day of May 2026, by the following vote:

<u>Vote</u> <u>Members of the City Council</u>

AYES:	Moore, Chao, Fruen, Mohan
NOES:	None
ABSENT:	Wang
ABSTAIN:	None

SIGNED: Catherine "Kitty" Moore Kitty Moore, Mayor City of Cupertino	5/29/2026 Date
ATTEST: Lauren Sapudar Lauren Sapudar, City Clerk	5/29/2026 Date

Pension Trust Investment Policy	Citywide Policy Manual
	Attachments: N/A
Effective Date: May 19, 2026	**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:	$25.6 Million (September 2025)
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

<u>Investment Objective: 'Balanced'</u>

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%	30%
Equities	50-70%	64%
Real Estate	0-10%	5%
Global Infrastructure	0-10%	0%
Commodities	0-10%	0%
Cash	0-10%	1%

<u>Investment Guidelines</u>

<u>Overview</u>

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.

All investment decisions shall be made in accordance with the fiduciary duty to act prudently and solely in the best financial interests of the Trusts and their beneficiaries. Investment decisions shall prioritize the preservation and long-term growth of Trust assets while balancing risk, diversification, liquidity needs, and long-term funding objectives.

Environmental, Social, and Governance (ESG) factors may be considered as part of the overall investment evaluation process when determined to be consistent with the City's fiduciary obligations and long-term investment objectives. Consideration of ESG-related factors shall not supersede the fiduciary duty to act prudently and in the best financial interests of the Trusts.

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
- Global Infrastructure Mutual Funds or Exchange Traded 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: Tina Kapoor
Tina Kapoor (Jun 4, 2026 15:13:37 PDT)

Date: 06/04/2026

Director of Administrative Services' signature:

Date: 05/19/2026

Revisions: 11.19.2019, 11.17.2020, 12.7.2021, 12.06.2022, 12.05.2023, 12.03.2024, 05.19.2026

Disclosures

Public Agency Retirement Services ("PARS") is a third-party and not affiliated with PFMAM, USBAM or U.S. Bank. PARS serves as the trust administrator to the Public Agencies Post-Employment Benefits Trust, Public Agencies Post-Retirement Health Care Plan Trust, and the Public Agency Retirement System Trust (the "Trusts"). U.S. Bank N.A. serves as the discretionary trustee to the Trusts. In its capacity as discretionary trustee, U.S. Bank N.A. delegates the investment management of the Trusts to its affiliate USBAM through a sub-advisory agreement. PARS is serviced by PFMAM, a division of USBAM.

U.S. Bank N.A. pays the sub-adviser up to 67% of the annual management fee for assets sub-advised under its sub-advisory agreement with U.S. Bank N.A. Refer to your U.S. Bank N.A. fee schedule for investment management fees applied to your specific portfolio. U.S. Bank N.A. compensates the sub-adviser for these services from its own fees.

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. (USBAM) 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.

Additional information on U.S. Bancorp Asset Management, Inc. and a description of its fees are described in its ADV which is available at www.adviserinfo.sec.gov.

PFM Asset Management (PFMAM) 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.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE