

April 30, 2026

Jonathan Orozco, Interim Administrative Services Director
City of Cupertino

Dear Jonathan,

We have completed our annual review of City of Cupertino's (City) investment policy for compliance with the statutes of California Government Code (Code) that govern the investment of public funds, as well as for inclusion of current best practices.

The City's investment policy continues to be well-written and effective for the management of the Authority's funds. There were minimal changes to California Government Code for 2025 effective 2026 Pursuant to SB 595. None of the changes require the City to update the policy, but we do recommend the City adopt the changes, as well as small updates to policy language improving readability. Please find a brief summary of the changes below:

- **Authorized Investments, 5. Commercial Paper:** Pursuant to SB 595, we recommend the City change the allowable maximum maturity for commercial paper from 270 days to 397 days. This change is expected to promote diversification of assets and maturities. Also related to SB 595, we also recommend that the City update the sunset date for the 40% concentration limit from January 1, 2026, to January 1, 2031.
- **Authorized Investments; 16. Local Government Investment Pools:** Chandler recommends the City update policy language permitting local government investment pools (LGIP) to better match language used in Code.
- **Prohibited Investment Vehicles and Practices:** Pursuant to SB 595, we recommend the City update the sunset date for permitting zero-accrual securities in the portfolio only if they are governmental securities.

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

Sincerely,

Carlos Oblites
Senior Portfolio and Investment Pool Strategist
Chandler Asset Management