



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 26, 2021

Subject

Review City Investment Policy.

Recommended Action

Review City Investment Policy.

Description

The Audit Committee, on an annual basis, performs a review of the City's investment policy prior to presenting to City Council.

Discussion

The California Government Code requires a statement of investment policy to be reviewed and adopted by the City Council on at least an annual basis. This statement is intended to provide guidelines for the prudent investment of the City's temporary idle cash and outline the policies for maximizing the efficiency of the City's cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled cash.

Recommended changes to the City's investment policy are being proposed in accordance with Senate Bill No. 998, effective January 1, 2021. The following components are being proposed for inclusion in the City's investment policy:

- For Local Agencies with more than \$100,000,000 of investable assets under management, SB 998 increases the allowable limit for investments in commercial paper from 25% to 40%.
- The City is limited to no more than 10% of the City's combined investments in the commercial paper and the medium-term notes of any single issuer.
- Local Agencies are authorized to invest in securities issued by, or backed by, the United States Government that could result in zero or negative interest accrual if held to maturity. This provision sunsets on January 1, 2026.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

Prepared by: Zach Korach, Deputy City Treasurer

Reviewed by: Kristina Alfaro, City Treasurer

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Investment Policy (redline)