



STAFF REPORT

AGENDA NO: Study Session

MEETING DATE: May 4, 2026

To: Honorable Mayor and City Council

Date: May 4, 2026

From: Helen Yu-Scott, Finance Director – (650) 558-7222

Subject: PFMAM Financial Advisor Annual Updates and FY2026-27 Investment Policy Discussion

RECOMMENDATION

Staff recommends that the City Council receive annual updates from PFM Asset Management (PFM), review the changes to the Investment Policy for fiscal year 2026-27, and provide direction on possible actions.

BACKGROUND

The investment of funds by a California local agency, including the types of securities in which an agency may invest, is governed by the California Government Code. The law requires that the legislative body of each agency adopt an investment policy, which may impose additional limitations beyond those established by the State. In addition, an agency's investment policy must be reviewed annually, and any changes must be adopted at a public meeting.

Finance staff and the City's investment advisors, PFM, review the City's Investment Policy on an annual basis. The City Council last reviewed the Policy on June 15, 2025, for use in the current fiscal year. During the Investment Policy study session on June 15, 2025, then-Vice Mayor Brownrigg suggested that the Council hold an annual study session on the Investment Policy due to the turbulence in the economy and in treasuries.

DISCUSSION

PFM completed its annual review of the City's Investment Policy and found it comprehensive and in compliance with the sections of the California Government Code that govern the investment of public funds by general law cities. In PFM's attached Investment Policy Review, the firm summarized the changes made to the Code by Senate Bills ("SB") 827, 852, 595, and 858, which took effect on January 1, 2026. The City is encouraged to review and, where applicable, incorporate these requirements. PFM can elaborate more about these Senate Bills during its annual presentation at the Council meeting on May 4, 2026, to assist the Council in considering possible actions regarding the City's Investment Policy for fiscal year 2026-27.

FISCAL IMPACT

There is no fiscal impact in receiving this staff report and considering possible actions.

Exhibits:

- PFMAM Presentation
- Investment Policy (current)
- Memo from PFMAM re: 2026 Investment Policy Review