



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 6/8/2026

ITEM NO: 5

DATE: June 8, 2026
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Review Proposed Changes to the Town's Investment Policy and Make a Recommendation to the Town Council

RECOMMENDATION:

Review Proposed Changes to the Town's Investment Policy and Make a Recommendation to the Town Council

DISCUSSION:

The Finance Commission last reviewed the Investment Policy in March 2025, with Council adoption in March 2025, adding language for medium term notes. In March of 2024, the Finance Commission and Council reviewed the policy with no recommended changes. In February 2023, the Town's Investment Policy for its operating portfolio was reviewed by the Finance Commission in February 2023 and adopted by the Council in February of 2023, changing the frequency of the reporting from quarterly to monthly to comply with California Government Code Section 41004 and adding references to Government Code Sections 53607 and 53646(b).

The Investment Policy establishes the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, State mandated eligible investments, transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the operating funds of the Town. All Town funds are invested and/or will be invested in accordance with the Investment Policy and with applicable sections of the California Government Code.

The Investment Policy requires an annual review. Staff is recommending several minor edits to the Investment Policy in the Authorized Securities and Transactions, Competitive Transactions,

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Finance & Accounting Manager

Reviewed by: Town Manager, Administrative Services Director, and Town Attorney

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and Safekeeping and Custody Sections, based on recommendations from the Town's investment advisor, to provide additional clarity in the policy's descriptions. The proposed redlined edits are shown in Attachment 1.

The Finance Commission should review the recommendation and forward it to the Town Council for its consideration.

FISCAL IMPACT:

There is no fiscal impact of reviewing and modifying the Investment Policy.

Attachment:

1. Town Investment Policy-Redlined