



February 17, 2026

Memorandum

To: DeAnna Hilbrants, Finance Director
City of Hayward

From: Monique Spyke, Managing Director
Allison Kaune, Relationship Manager
PFM Asset Management (PFMAM), a division of U.S. Bank Asset Management, Inc.

Re: 2026 Annual Investment Policy Review

PFMAM has reviewed the City of Hayward's Investment Policy, last amended on January 21, 2025. As part of this year's review, we are recommending Policy edits and providing information on recent California Government Code (the "Code") changes that went into effect on January 1, 2026. Below we have summarized the Code changes, by Senate Bill ("SB"), and resulting Policy recommendations. We have also attached a revised draft Policy to show our suggested edits.

SB 827 revised Code Section 53238 et seq and is intended to enhance training requirements for certain local agency officials, including additional fiscal and financial training. The City's Investment Policy does not address training requirements and so no change is necessary to the Investment Policy. However, we recommend that you review the new training requirements.

SB 852 is intended to strengthen transparency and ethics rules of the Political Reform Act by adding public officials who manage public investments to the list of individuals for whom the Fair Political Practices Commission ("Commission") is the filing officer for statements of economic interest and requires those officials to file using the Commission's electronic filing system. The City's Policy discusses relevant requirements in section VI. *Ethics and Conflicts of Interest*. We recommend that you review the Code change with the City's legal counsel to understand if any changes need to be made to the City's requirements as described in this Policy section.

SB 595 and 858 amended Code Section 53601, which governs the investment of public funds by local agencies, with the updates below.

- The maximum maturity for eligible commercial paper was extended from 270 to 397 days. PFMAM has redlined this update into the City's revised draft Policy for consideration.
- In periods of low interest rates, law had authorized local agencies to invest in U.S. government securities that could result in zero-interest accrual if held to maturity until January 1, 2026. This provision was extended to January 1, 2031. We have redlined this update into the City's revised draft Policy.
- Local agencies with at least \$100 million in investment assets are permitted to invest a maximum of 40% of its portfolio in commercial paper until January 1, 2031, then reverts to a maximum of 25%. The City's Policy includes the 40% limit on commercial paper, with no sunset date recorded and so no change is necessary to the City's Policy.

Please let us know if you have any questions or if you'd like to schedule time to discuss our review further. Thank you.

PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE