

November 12, 2024

Memorandum

To: Nicole Gonzales, Director of Finance
City of Hayward

From: Monique Spyke, Managing Director
Justin Resuello, Institutional Sales and Relationship Manager
PFM Asset Management

RE: 2024 Investment Policy Review

PFM Asset Management LLC has completed its review of the City of Hayward's 2024 Investment Policy (the "Policy"). The Policy is well written and in compliance with the sections of the California Government Code (the "Code").

In January 2024, Senate Bill 882 made several changes to Code, including one change to Code Section 53601(o). The bill clarified that mortgage-backed securities issued by federal agencies are exempt from the Code's requirements described in Section 53601(o) for privately issued asset- and mortgage-backed securities. The Code update codifies the common understanding of how agency mortgage-backed securities are treated under Code. We are recommending updating the mortgage and asset backed securities to specify that the rating requirements are for any securities that are not issued or guaranteed by federal agencies and GSEs.

Please let us know if you'd like to schedule a call to discuss our recommendations or to answer any questions you may have. Thank you.