



**DATE:** November 16, 2016

**TO:** Council Budget and Finance Committee

**FROM:** Acting Director of Finance

**SUBJECT:** Fiscal Year 2017 Statement of Investment Policy Review and Delegation of Investment Authority

### **RECOMMENDATION**

That the Committee reviews and recommends for Council approval the attached updated Fiscal Year 2017 Statement of Investment Policy.

### **BACKGROUND**

The City's Statement of Investment Policy (the Policy) requires that staff submit to the City Council for approval any recommended changes to the Policy. This year's policy is minimally changed with minor updates and is in compliance with the current statute. Staff worked in conjunction with the City's portfolio manager, PFM Asset Management, to review and update the policy.

### **DISCUSSION**

Staff recommends that the Committee approves the revised FY 2017 Statement of Investment Policy (Policy). The recommended changes are noted below:

1. In August, the California Legislature approved Senate Bill 974 which, among other things, clarifies the rating language in California Government Code Section 53601. In the past, although it was assumed that a rating requirement of "A", for example, included securities rated A- and A+, California Government Code was not explicitly clear on this matter. SB974 addresses this issue and updates the rating language in California Government Code Section 53601 so that the requirement of "A", for example, includes A- and A+ rated securities. While SB974 does not go into effect until January 1, 2017, staff has incorporated the new language into the Policy.
2. The State Treasurer's Office increased the limit that can be held in each Local Agency Investment Fund (LAIF) account as set by the Pooled Money Investment Account (PMIA) policy. The City proposes to adopt the policy of the PMIA as it relates to the deposit limit. LAIF currently has a maximum deposit limit of \$65 million per agency account. The City would like to change its policy so that its limits match those

established by the State Treasurer. Currently, the City of Hayward has three general accounts: City of Hayward, the Hayward Housing Authority and the Hayward Public Financing Authority. It is not the intent of staff to invest the maximum amount in all three accounts. Instead, staff will pursue a diversified portfolio that conforms to the City's Investment Policy.

**FISCAL IMPACT**

There is no fiscal impact related to approving the recommended changes to the Statement of Investment Policy.

**PUBLIC CONTACT**

The recommended changes to the Statement of Investment Policy were discussed by the Investment Advisory Committee during its quarterly meeting on October 17, 2016.

*Prepared and Recommended by:* Dustin Claussen, Acting Director of Finance

Approved by:



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Kelly McAdoo, City Manager