



DATE: January 21, 2025

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Adopt a Resolution Accepting the Fiscal Year 2025 Statement of Investment Policy and Delegation of Authority

RECOMMENDATION

That the Council adopts a resolution (Attachment II) reaffirming the updated Fiscal Year 2025 Statement of Investment Policy and Delegation of Authority.

SUMMARY

There are changes to California Government Code Section 53601 (Code) that went into effect in January 2024. To address these changes, staff recommends the City add the new Code language to Policy Section O: Investment Instruments, as shown in the attached marked-up Policy (Attachment IV).

BACKGROUND

The City's Statement of Investment Policy (Policy) requires that staff submit to the Council for approval any recommended changes to the Policy. In addition, the State statutes that govern investment activity require the Council to annually affirm the Policy and to annually confirm the delegation of investment authority, which in the City of Hayward, is to the Director of Finance.

In January 2024, staff presented the annual year-end investment portfolio and the City's Statement of Investment Policy to Council for review and adoption in accordance with annual requirements. During the presentation, Council directed staff to divest City funds from four specific companies: Chevron, Intel, Hyundai, and Caterpillar. Upon adoption of the policy governing investments guidelines, staff divested from the four companies and invested in other areas within the framework of the Policy.

This year's Policy has recommended changes under Policy Section O: Investment Instruments, to address California Government Code ("Code") changes that went into effect January 2024. A detailed summary of the proposed changes is available in Attachment III. Staff worked in conjunction with the City's portfolio manager, PFM Asset Management, to review the policy.

In November 2024¹, staff presented the recommended changes to the City's Statement of Investment Policy, as well as the FY 2023-2024 year-end investment portfolio to the Council Budget and Finance committee. The committee provided feedback and recommended that staff present the recommended changes to the City's Statement of Investment Policy to the full Council for consideration and adoption.

DISCUSSION

As part of the overview of the FY 2023-2024 year-end investment portfolio, staff reviewed and evaluated the need for any changes to the Policy. PFM, the City's portfolio manager, has also reviewed the Policy and prepared a memorandum (Attachment III) recommending the City add the new Code language to Policy O: Investment Instructions.

Senate Bill 882, also known as the Local Government Omnibus Act of 2023, made one change to Code. One change was made to Code Section 53601, the section of Code that governs the investment of public funds, including clarifying language stating 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.

To address this Code change, staff recommends adding new Code language to Policy Section O: Investment Instruments.

In conjunction with the City's portfolio manager, staff recommends that the Council approve the FY 2025 Policy with the recommended edits (Attachment IV).

In collaboration with PFM, staff will continue to research the potential implementation of defined guidelines and principles that align with existing City environmental policies, goals, and objectives. Recommendations will be presented at the Council Budget and Finance Committee meeting in April 2025.

STRATEGIC ROADMAP

This is a routine operational item and does not relate to any of the priorities outlined in the Council's Strategic Roadmap.

FISCAL IMPACT

There is no fiscal impact.

¹ [Council Budget and Finance Committee Meeting - November 20, 2024 - Legistar.com](#)


PUBLIC CONTACT

The recommended changes to the Policy (Attachment IV) were presented to Council Budget and Finance Committee on November 20, 2024², and discussed by the Investment Advisory Committee during its quarterly meeting on November 13, 2024.

Prepared by: Franchesca Hatfield, Management Analyst I

Recommended by: Nicole Gonzales, Director of Finance

Approved by:



Dr. Ana M. Alvarez, City Manager

² [Council Budget and Finance Committee Meeting - November 20, 2024 - Legistar.com](#)