



The PFM Group

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Attachment VI

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October 21, 2016

Memorandum

To: Dustin Claussen, Acting Director of Finance
City of Hayward

From: Monique Spyke, Director
PFM Asset Management LLC

Re: Annual Investment Policy Review

We have completed our annual review of the City's Investment Policy (the "Policy"). We have provided a marked-up version of this Policy for your review and have summarized our changes below.

Section VIII. Permitted Investment Instruments:

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. SB 974 addresses this issue and updates the rating language in California Government Code Section 53601 so that it is clear that a requirement of "A", for example, includes A- and A+ rated securities. While SB 974 does not go into effect until January 1, 2017, we have incorporated the new language into the Policy at this time as editing policy language now does not result in noncompliance with California Government Code and will provide greater clarity to the Policy's rating requirements.

We also updated the current LAIF statutory limit.

Please feel free to contact me with any questions or for further discussion.