



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

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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.