

November 8, 2022

Memorandum

To: Dustin Claussen, Director of Finance
City of Hayward

From: Monique Spyke, Managing Director
Allison Kaune, Senior Analyst
PFM Asset Management LLC

Re: Investment Policy Review

We have completed our review of the City of Hayward's (the "City") FY 2022 Investment Policy (the "Policy"). This year we are recommending Policy changes in response to changes to California Government Code ("Code") that will go into effect on January 1, 2023, following the passage of Senate Bill 1489 ("SB 1489") in September 2022. We have summarized our changes below and have attached a marked-up version of the Policy to illustrate our recommendations.

Senate Bill 1489, also known as the Local Government Omnibus Act of 2022, made a number of changes to Code, including several that impact the investment of public funds and the reporting practices of public agencies. Changes made to Code section 53601, the section of Code that governs the investment of public funds, include language stating that an investment's term or remaining maturity shall be measured from the settlement date to final maturity, and, that a security purchased in accordance with Code section 53601 shall not have a forward settlement date exceeding 45 days from the time of investment. Previously, Code was silent on both items. To address these Code changes, we recommend the City add the new Code language to Policy section X. Investment Instruments, as shown in the attached marked-up Policy.

SB 1489 also modified Code section 53646 and its quarterly reporting requirements. Per Code, producing a quarterly report is optional for public agencies. However, should an agency choose to produce a quarterly report, certain requirements must be met. One of those requirements was to produce the quarterly report within thirty (30) days following the end of the quarter. With SB 1489 that time has been extended to forty-five (45) days. The City's Policy does not explicitly require a quarterly report and contains no language regarding the due date of such reporting. As such, no Policy changes are needed to address this Code change.

Please let us know if you have any questions. Thank you.