



**DATE:** June 2, 2026

**TO:** Mayor and City Council

**FROM:** Director of Finance

**SUBJECT:** Adopt a Resolution Adopting the Fiscal Year 2026-27 Statement of Investment Policy and Delegating Authority to Make Investments to the Director of Finance

### **RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) adopting the Fiscal Year 2026-27 Statement of Investment Policy and delegating authority to make investments to the Director of Finance.

### **SUMMARY**

Every year, the City's investment manager, PFM Asset Management (PFM) reviews the City's Statement of Investment Policy (Policy) for conformance with any updated laws and best practices. The Policy requires that City Council approve any recommended changes.

There are minor changes to the Policy reflecting changes to California Government Code Section 53601 (Code) that went into effect January 1, 2026. To address these changes, staff recommends the City update the Statement of Investment Policy. A summary of changes is outlined in the Memorandum from PFM Asset Management to City of Hayward (Attachment III). Attachment IV reflects the proposed changes using tracked changes for visibility.

In addition, this action delegates authority to the Finance Director or designee to invest and reinvest City funds in accordance with the Policy and applicable law.

### **FISCAL IMPACT**

There is no fiscal impact to updating these policies. There is a small cost to procure the training solution which can be absorbed into the Finance Department budget.

### **BACKGROUND**

The City's Statement of Investment Policy requires that staff submit for approval to Council any recommended changes to the Policy. In addition, the State statutes that govern investment activity require the Council to annually adopt the Policy and annually affirm the delegation of

investment authority to the Director of Finance. The last time the Statement of Investment Policy was adopted was on January 15, 2025. Since more than one year has passed, staff recommends ratifying and confirming actions taken by the Finance Director or designee, during Fiscal Year 2025–26 that were consistent with the City’s then-existing Statement of Investment Policy and applicable law. In the future, staff will align delegation of authority to the Finance Director to the Fiscal Year.

On March 18, 2026<sup>1</sup>, staff presented the recommended changes to the City’s Statement of Investment Policy, as well as the 2025 year-end investment portfolio to the Council Budget and Finance Committee (CBFC). The CBFC 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. On April 29, 2026, the Policy was presented to the City of Hayward Investment Advisory Committee who also accepted the proposed changes and recommended presentation of the updated Policy to Council.

This year’s Policy has recommended changes due to legislative changes that went into effect January 1, 2026. A summary of the proposed changes is available in this report and Attachments III. Staff worked in conjunction with the City’s portfolio manager, PFM Asset Management, to review the policy.

In addition, there is an existing recommendation to integrate an ESG (Environmental, Social, and Governance) lens, which was requested by Council Member Syrop at the November 1, 2023<sup>2</sup>, Council Budget and Finance meeting. Due to the transitions in Finance Department leadership, this work was previously paused. PFM presented to the Investment Advisory Committee on this topic and provided background to the CBFC at the March 18, 2026, meeting. Staff will continue to work with PFM to evaluate this item as part of the Fiscal Year 2027-28 Statement of Investment Policy. In the meantime, there are restrictions on the portfolio managed by PFM that have been put in place by the City that do reflect the City’s values including issues related to nuclear weapons and specific corporations.

## **DISCUSSION**

PFM, the City’s portfolio manager reviewed the Policy and prepared a memorandum (Attachment III) recommending the following Policy edits. Staff evaluated and agreed with those recommendations. Following is a summary and recommended action:

- 1) Change: SB 827 revised Government Code Section 53238 et seq and is intended to enhance training requirements for certain local agency officials, including additional fiscal and financial training.
  - a) PFM Recommendation: The City’s Policy does not address training requirements, and no change is necessary. However, PFM recommends that the City review the new training requirements.

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<sup>1</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7951898&GUID=7206D278-7023-4B1F-86B0-14642070DD2E&Options=&Search=>

<sup>2</sup> [https://hayward.granicus.com/player/clip/1762?view\\_id=1&redirect=true](https://hayward.granicus.com/player/clip/1762?view_id=1&redirect=true)

- b) Staff Recommended Action: The Finance Department in collaboration with the City Clerk's Office to use an online training and tracking solution provided by an existing City vendor at a cost of less than \$1,000 per year.
- 2) Change: SB 852 is intended to strengthen transparency and ethics rules of the Political Reform Act by adding public officials who manage public investments to the list of individuals for whom the Fair Political Practices Commission ("Commission") is the filing officer for statements of economic interest and requires those officials to file using the Commission's electronic filing system.
- a) PFM Recommendation: The City's Policy discusses relevant requirements in section VI. Ethics and Conflicts of Interest. PFM recommends that the City review the Code change with the City's legal counsel to understand if any changes need to be made to the City's requirements.
- b) Staff Recommended Action: The Finance Department and City Attorney's Office have reviewed this item and determined that no changes are needed to the existing policy or practice as the identified individuals are already filing Statements of Economic Interests.
- 3) Change: SB 595 and 858 amended Government Code Section 53601, which governs the investment of public funds by local agencies, with the updates below.
- The maximum maturity for eligible commercial paper was extended from 270 to 397 days.
  - In periods of low interest rates, law had authorized local agencies to invest in U.S. government securities that could result in zero-interest accrual if held to maturity until January 1, 2026. This provision was extended to January 1, 2031.
  - Local agencies with at least \$100 million in investment assets are permitted to invest a maximum of 40% of its portfolio in commercial paper until January 1, 2031, then reverts to a maximum of 25%. The City's Policy includes the 40% limit on commercial paper, with no sunset date recorded. No change is necessary to the Policy.

PFM Recommendation: Make changes to Statement of Investment Policy which are depicted in Attachment IV.

Staff Action: Staff recommends that the Council approve the Fiscal Year 2026-27 Statement of Investment Policy with the aforementioned 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.

## **STRATEGIC ROADMAP**

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

## **PUBLIC CONTACT**

The recommended changes to the Policy (Attachment IV) were presented to Council Budget and Finance Committee on March 18, 2026, and discussed by the Investment Advisory Committee on April 29, 2026.

*Prepared by:* Franchesca Hatfield, Management Analyst  
Crissy Mello, Administrative Secretary

*Recommended by:* DeAnna Hilbrants, Director of Finance

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott".

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Jennifer Ott, City Manager