

May 20, 2026

Memorandum

To: Donna K. Lee, CPA, CIA, Finance Director/City Treasurer
Finance Department
City of Napa

From: Justin Resuello, Institutional Sales and Relationship Manager
PFM Asset Management, a division of U.S. Bank Asset Management

RE: City of Napa 2026 Investment Policy Review

We have completed our review of City of Napa's (the "City") 2026 Investment Policy (the "Policy"). The Policy remains in compliance with the statutes of California Government Code (the "Code") that regulate the investment of public funds for local agencies. However, below we summarize changes made to Code by Senate Bill ("SB") 595 that went into effect January 1, 2026. The City is encouraged to review and incorporate these requirements, as applicable.

SB 595 amended 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. PFMAM has redlined this update into the attached draft policy for consideration.
- Local agencies with at least \$100 million in investment assets are permitted to invest a maximum of 40% of their portfolio in commercial paper until January 1, 2031, then reverts to a maximum of 25%. The sector limit remains at 40%. PFMAM has redlined the updated date into the attached draft policy.

Please let us know if you have any questions and if you would like to schedule a call to discuss our review further. Thank you.

PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc.

Investment observations based on City of Napa's Investment Policy Statement as of April 2025. Investment observations are for informational purposes only and are not intended to provide specific advice or any specific recommendations.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE