



Official Memorandum

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To: SLDMWA Board of Directors, Alternates
SLDMWA Finance & Administration Committee, Alternates

From: Scott Petersen, Chief Strategic and Administrative Officer
Raymond Tarka, Director of Finance

Date: October 5, 2026

RE: Adoption of Resolution Authorizing New Commercial Banking Relationships with JP Morgan Chase Bank and Valley Strong Credit Union

Background

The San Luis & Delta-Mendota Water Authority ("Water Authority") has maintained the same commercial banking relationship with Community West Bank ("CWB") and its predecessors since February 2009.¹ CWB has historically provided localized service, however the Water Authority's current scale, complex transactional demands, and fiduciary duties now require a financial institution with specialized government capabilities. Several issues have surfaced with the Water Authority's current commercial banking relationship over the last year that have prompted this recommendation:

1. Staff learned the bank's internal policies limit the same day availability of funds wired into the Water Authority's account to the next business day, which deprives the Water Authority of immediate access that should be available using the federal wire system
2. CWB's policy limiting the dollar value of wire transfers out of the bank have prevented the timely movement of substantial transfers of funds into investment accounts at CalTrust
3. CWB offers a money market account with below-market returns as compared to other available options available, and
4. Commercial credit cards issued to staff have been compromised on three separate occasions during the last year while staff travelled on Water Authority business.

Issue for Decision

Whether the Finance & Administration Committee should recommend, and the Board of Directors should adopt, the Resolution Authorizing New Commercial Banking Relationships with JP Morgan Chase Bank and Valley Strong Credit Union.

¹ In June 2026, the Board of Directors adopted Resolution No. 2026-564 that made minor updates to the banking relationship and signature requirements for Community West Bank and superseded Resolution No. 2020-473.



Recommendation

Staff recommends adoption of the draft resolution authorizing execution of the proposed changes to the Water Authority's banking relationships, subject to the signatory requirements outlined below, and with authority to restate the authorized signatories on banking services.

Analysis

The Water Authority is embarking on a new level of capital infrastructure renewal beyond anything previously experienced. Increases in capital under Water Authority management, including various funding sources for infrastructure repairs and a new role as a fiscal and administrative agent for federal funds provided by Reclamation, as well as significant values associated with water transfer transactions have increased the need for more modern banking platforms and tools.

In July of 2026, the Water Authority received \$230,000,000 from the U.S. Bureau of Reclamation for the Delta-Mendota Canal (DMC) Subsidence Rehabilitation Project. Community West Bank's wire transfer policy has a daily outgoing wire transfer limit of \$8 million. While the bank worked with the Water Authority to override this limit to move the DMC funds, it still took several days beyond the receipt date to place the funds into an investment pool. The bank's wire restrictions are due to their capital limitations and local staff authorization limits.

Most large banks do not place outgoing wire restrictions on available funds, which is the practice with Chase Bank. Federal wire deposits should be available on the same day as the wires are made, but due to CWB practice, funds are not available in the Water Authority's account for an additional day. This practice treats wire deposits in the same manner as Automated Clearing House (ACH) deposits, which require overnight settlement. The 24-hour latency on incoming wires acts as a bottleneck that can delay payroll, vendor payments, or immediate reinvestment. The Water Authority's CWB Money Market account bears a non-competitive interest rate that has been increased on occasion, only after staff's direct engagement.

During the last twelve months, Water Authority credit cards issued by CWB through a third party have been compromised on three separate occasions, leading to a disruption of available credit on those cards while senior leadership traveled. Chase Bank issues credit cards through their own organization, and as the largest bank in America, they have a robust cybersecurity presence and a self-directed platform that allows Water Authority staff to replace cards overnight in case of lost or stolen cards, including situations where the affected cardholders are travelling out of town.

J.P. Morgan Chase Government Banking provides specialized financial services tailored for federal, state, and local government entities, as well as school districts and public transit authorities. Valley Strong Credit Union offers collateralized money market accounts to California Special Districts with very competitive rates of return.

Staff proposes updating the Water Authority's banking relationships, subject to the signatory requirements outlined below, with authority to restate the authorized signatories on banking services:

1. Engage in a commercial banking relationship with Chase Government Banking

A. Establish the following collateralized accounts, with a collateralization of not less than \$50,000,000, requiring dual signatures over disbursements with signatory authority delegated as follows:



- 1) **A general transactional account that will allow cash deposits, incoming ACH and wire transfers.** Wire transfers will be initiated by either the Accounting Manager or the Supervisor of Operational Accounting and approved by the Treasurer or the Chief Strategic and Administrative Officer.
- 2) **A zero-balance checking account, funded by the transactional account when checks or ACH debits are presented for payment.** The checks written will be issued with two original signatures of any of the following: Chairman of the Board, Executive Director, Treasurer, Chief Operating Officer, Chief Strategic and Administrative Officer, or the Director of Human Resources. ACH payment registers will be signed by two of the above before ACH payments are made. ACH payments will be made through the bank's online banking platform and will be initiated by either the Accounting Manager or the Supervisor of Operational Accounting and approved by the Treasurer or the Chief Strategic and Administrative Officer.
- 3) **A second transactional account that will maintain the Water Authority's Emergency Cash Reserve as specified in terms of the transfer agreement.** The balance in this account will be maintained only by inter-account online transfers between this account and the general transactional account. Online inter-account transfers will be delegated to the Supervisor of Operational Accounting or the Treasurer.
- 4) **A brokerage account linked only to the general transactional account that contains access to a secure money market account, as well as access to secure, liquid, high yield investment options compatible with the Water Authority's investment policy.** Transfers to and from this account and transactions made within it shall be delegated to the Treasurer and their delegates.
- 5) **Any other accounts deemed necessary by the Executive Director or Treasurer.** Signature authority over those accounts shall follow the authority delegated to those positions identified for the zero-balance checking account.

B. Enroll in Chase's online banking platform providing the Water Authority use of their numerous online tools and services and protected by a robust cybersecurity platform.

C. Enroll in Chase's commercial credit card program, with an overall credit limit of not less than \$100,000 (the actual limit to be determined by Chase Bank Underwriting), replacing the credit cards issued through Community West Bank, and adding cardholder access to Chase's online credit card portal. The administration of this program will be delegated to the Treasurer and the Supervisor of Accounting.

2. Engage in a commercial banking relationship with Valley Strong Credit Union for the purpose of investing in their collateralized money market.

A. Establish the following collateralized accounts, with a collateralization of not less than \$5,000,000, and requiring dual signatures over disbursements with signatory authority delegated as follows:

- 1) **A collateralized general transactional funding account** that will allow wire transfers in and out solely to the Authority's general transaction account held by Chase Bank. Wire transfers will be initiated by either the Accounting Manager or the Supervisor of Operational Accounting and approved by the Treasurer or the Chief Strategic and Administrative Officer.
- 2) **A collateralized money market account** that will interact solely with the transaction funding account. Inter-Account transfers will be initiated by either the Accounting Manager or the Supervisor of Operational Accounting and approved by the Treasurer or the Chief Strategic and Administrative Officer.



- 3. Authorize the Supervisor of Accounting as an additional person authorized to transfer funds solely between the Authority's commercial bank accounts and the Authority's CalTrust investment accounts.**
- 4. Authorize the Treasurer and the Supervisor of Accounting, or either of them, to close all accounts at Community West Bank, and wire or check transfer all amounts held there to the new Chase Bank general transaction account established above, for deposit as soon as conveniently can be done.**
- 5. Authorize the Executive Director and the Treasurer, or either of them, to execute all documents, including without limitation contracts for deposit of moneys, and to take any and all other steps which may be necessary or convenient to implement these new banking relationships.**

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2026-

**RESOLUTION AUTHORIZING NEW COMMERCIAL BANKING RELATIONSHIPS
WITH JP MORGAN CHASE BANK AND VALLEY STRONG CREDIT UNION**

WHEREAS, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the “Board” and the “Water Authority,” respectively), pursuant to the Water Authority’s procedures and the California Government Code, from time to time, may adopt policy for the administration of the Water Authority; and

WHEREAS the Water Authority requires commercial banking services to support its financial operations, including cash management, depository services, electronic funds transfers, investment-related transactions, payroll processing, and other banking activities; and

WHEREAS, since February 2009, the Water Authority has maintained a commercial banking relationship with Community West Bank (“CWB”) and its predecessors; CWB has historically provided localized service, however the Water Authority’s current scale, complex transactional demands, and fiduciary duties now require a financial institution with specialized government capabilities; and

WHEREAS, Water Authority staff has evaluated banking service needs and determined that establishing a commercial banking relationship with JP Morgan Chase Bank and an investment banking relationship with Valley Strong Credit Union is in the best interests of the Authority; and

WHEREAS the proposed banking relationships will provide banking products, cash management services, online banking capabilities, treasury management services, and related financial services necessary to efficiently conduct the Authority's business; and

WHEREAS, the Board now seeks to authorize execution of the proposed changes to the Water Authority’s banking relationships, including by authorizing the opening, maintenance, and administration of depository and treasury management accounts with JP Morgan Chase Bank and an investment banking relationship with Valley Strong Credit Union, and to designate authorized representatives of the Authority to act on its behalf with respect to such accounts.

WHEREAS, the Board desires to authorize designated officers and employees to take all actions necessary to effect an orderly transition of banking services, close existing accounts, satisfy any outstanding obligations, and transfer all funds and related banking activities to the Water Authority's new banking relationships.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. Water Authority officials and employees are hereby authorized and directed to establish a commercial banking relationship with JP Morgan Chase Bank and Valley Strong Credit Union to open and maintain such checking, savings, money market, treasury management, merchant services, lockbox, investment sweep, and other banking accounts and services as may be determined necessary by the Executive Director and the Treasurer/Director of Finance.

- Section 3. The following officers and employees of the Authority are authorized to execute account agreements, banking resolutions, signature cards, treasury management agreements, electronic banking agreements, and such other documents as may be required by Chase Bank and Valley Strong Credit Union: Executive Director, Treasurer, Chair of the Board of Directors, Chief Strategic and Administrative Officer, Chief Operating Officer

Director of Human Resources, and other officers or employees designated in writing by the Executive Director.

Section 4. The authorized representatives identified herein are authorized to:

1. Open, modify, and close accounts;
2. Deposit and withdraw funds;
3. Initiate wire transfers and ACH transactions;
4. Execute treasury management service agreements;
5. Access and administer online banking services;
6. Designate and manage account users and security administrators; and
7. Execute all documents necessary to conduct banking business on behalf of the Authority.

All actions shall be conducted in accordance with the Water Authority's financial policies, internal controls, and applicable laws.

Section 5. Checks written on the Water Authority general checking accounts at Chase Bank shall be issued on two (2) original signatures, being any two (2) of the following: the Chair of the Board, Executive Director, Chief Operating Officer, Chief Strategic and Administrative Officer, Treasurer, Director of Finance, or Director of Human Resources; provided, however, that each check shall have at least one (1) original signature. The second signature may be either an original signature or countersigned with a facsimile stamped signature of the Executive Director or the Chief Operating Officer.

Section 6. Checks written on the Water Authority payroll checking account at Chase Bank shall be issued on two (2) signatures, being any two (2) of the following: Chair of the Board, Executive Director, Chief Operating Officer, Chief Strategic and Administrative Officer, Treasurer, Director of Finance, or Director of Human Resources; provided, however, that each check shall have at least one (1) original signature. The second signature may be either an original signature or countersigned with a facsimile stamped signature of the Executive Director or the Chief Operating Officer.

Section 7. The Executive Director and Treasurer are authorized to establish the following collateralized accounts, with collateralization of not less than \$5,000,000 with exclusive funding and disbursing with and to the Authority's transactional operating account at Chase Bank.

1) General Transactional Funding Account

2) Collateralized Money Market Account

Section 8. The provisions of any form of resolution prescribed by Chase Bank or Valley Strong Credit Union for adoption by the Water Authority to implement the actions authorized by this Resolution are hereby adopted and incorporated herein by reference as though fully set forth herein.

Section 9. In addition to existing authorized personnel, the Supervisor of Operational Accounting is hereby authorized to electronically transfer funds solely between the Authority's commercial bank accounts and the Water Authority's CalTrust and Valley Strong Credit Union investment accounts.

Section 10. The Executive Director and the Treasurer/Auditor, or either of them, are each further authorized and directed to take any and all such additional actions, including without limitation, the execution of documents, as may be required or reasonably necessary to carry out the intention of this Resolution and this Resolution is hereby ratified and confirmed as the duly authorized action of the Water Authority.

Section 11. The Treasurer and the Supervisor of Operational Accounting, or either of them, are each further authorized to close all accounts at Community West Bank, and wire or check transfer all amounts held there to the new JP Morgan Chase Bank general transaction account established above, for deposit as soon as conveniently can be done.

Section 12. All prior resolutions, authorizations, or banking instructions inconsistent with this Resolution are hereby superseded to the extent of such inconsistency.

PASSED, APPROVED AND ADOPTED this 8th day of October, 2026, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chair
San Luis & Delta-Mendota Water Authority

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution No. 2026- was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 8th day of October, 2026.

Federico Barajas, Secretary