



# Official Memorandum

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

From: Ray Tarka, Director of Finance

Date: July 6, 2026

RE: Adoption of Resolution Adopting 2026 Revised Investment Policy for the San Luis & Delta-Mendota Water Authority

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## Background

In 2013, the San Luis & Delta-Mendota Water Authority (Water Authority) adopted Resolution No. 2013-367, which adopted the 2013 Revised Investment Policy. At that time, the Board of Directors (Board) made changes to the policy to invest surplus monies to insure safety as a first objective, liquidity of such surplus funds as a second objective, and obtaining a maximum yield consistent with other criteria as a third objective. In addition, the Board designated depositories to have custody of Authority funds, who were required to provide security for such Authority funds as may be deposited with them, as provided by statute. Finally, the 2013 revisions added federal securities as an additional class of authorized investments consistent with Section 53601(b) of the Government Code.

Since 2013, the Water Authority's Director of Finance has periodically reviewed the Investment Policy, and has recently determined that revisions are required. (See Bylaws, Section 7.02.) Over the years, the sections of the Government Code of California relating to local government financial provisions have been amended, added to, repealed, and renumbered. The most recent major updates to this code come from Senate Bill 1438 (2025-2026 Session), which amends, repeals, and renumbers multiple investment-related statutes. The Water Authority's Investment Policy's reference to those statutes required an update to align it to the current law. While updating the policy for the correct legal references, staff also refined the description of monies to invest and updated the investment selection criteria from a single word to a more detailed description of each.

## Issue for Decision

Whether the Finance & Administration Committee should recommend, and the Board of Directors should adopt, the proposed resolution adopting the 2026 Revised Investment Policy.

## Recommendation

Staff recommends adoption of the proposed resolution.

## Analysis

Notable amendments to the Investment Policy include the following:



- Purpose: Clarifies that policy provides a guideline for prudent investment of Reserve Funds, Bond Proceeds Funds, and Excess Enterprise Funds, in addition to monies.
- Policy: Updates relevant citations to Government Code. Adds detail about priorities guiding investment of funds.

## Budget Implications

The budget is not impacted by amendment of the Investment Policy.

## Attachments

1. Resolution No. 2013-367
2. Draft Resolution Authorizing Adoption of 2026 Revised Investment Policy for the San Luis & Delta-Mendota Water Authority
3. 2026 Revised Investment Policy

RESOLUTION NO. 2013-367

RESOLUTION ADOPTING 2013 REVISED INVESTMENT POLICY  
FOR THE  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

WHEREAS, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the "Board," and the "Authority") has heretofore established a general fund from which monies may be expended for general operating purposes in accordance with the approved Budgets for the Authority and its various Project and Activity Agreements; and

WHEREAS, the Authority has on hand in the general fund from time to time monies which are surplus to the Authority's immediate operating needs; and

WHEREAS, the Board of Directors has determined it to be in the public interest to invest such surplus monies in a manner which insures safety as a first objective and liquidity of such surplus funds as a second objective, and obtaining a maximum yield consistent with the other criteria as a third objective; and

WHEREAS, the Board of Directors has heretofore designated depositories, and may from time to time hereinafter designate additional or alternate such depositories, to have custody of Authority funds; and

WHEREAS, such designated depositories must provide security for such Authority funds as may be deposited with them, as provided by statute; and

WHEREAS, under current circumstances, it is desirable to add federal securities as an additional class of authorized investments consistent with Section 53601(b) of the Government Code.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

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

Section 2. The Board hereby approves and adopts that certain Investment Policy 2013, attached hereto as EXHIBIT "A," and by this reference incorporated herein, effective as of January 1, 2013.

PASSED AND ADOPTED, this 6th day of June, 2013.

  
\_\_\_\_\_  
Mike Stearns, Chairman

Attest:

  
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Daniel G. Nelson, Secretary



## **EXHIBIT A**

### **INVESTMENT POLICY**

**2013**

#### **PURPOSE**

This statement is intended to provide a guideline for the prudent investment of temporary idle cash, restricted monies and any trust funds, and to outline a policy for maximizing the efficiency of the cash management system.

#### **OBJECTIVE**

The cash management system of the San Luis & Delta-Mendota Water Authority (Authority) will be maintained to accurately monitor and forecast expenditures and revenues, thus enabling the Authority to invest funds to the fullest extent possible.

#### **POLICY**

All investments will be made under the terms and conditions of Sections 53600-53684 and Section 16429.1 to 16429.3 of the Government Code of California. Criteria for the selection of investments and the order of priority of such criteria are as follows:

First, Safety;

Second, Liquidity; and

Third, Yield.

The following instruments are authorized for investment of Authority funds:

1. Funds may be invested in banks which are insured by the Federal Deposit Insurance Corporation. Savings accounts and active bank accounts will be insured and or collateralized to the degree consistent with or exceeding the existing law or regulation. In accordance with California Government Code Section 53635.2, to be eligible to receive Authority deposits, a financial institution shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities.

2. Funds may be invested, to the extent permitted by law and as conditions dictate, in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code.
3. Funds may be invested, to the extent permitted by law and as conditions dictate, in the Investment Trust of California (CALTRUST), a pooled investment program established by California public agencies for the purpose of pooling and investing local assets in accordance with Section 53601(p) of the Government Code.
4. Funds may be invested, to the extent permitted by law and as conditions dictate, in United States Treasury notes, bonds bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest ("Federal Securities") in accordance with Section 53601(b) of the Government Code.

Except as otherwise provided herein, the authority of the Board of Directors to invest or reinvest the Water Authority funds is delegated to the Treasurer of the Water Authority.

The Treasurer shall annually review the investment policy and provide any recommendations for any changes or updates to the Finance & Administration Committee. The Finance & Administration Committee shall review the Treasurer's recommendations, if any, and present them with its recommendations to the Board of Directors; provided that if the Finance & Administration Committee cannot timely be convened, the Treasurer may present any recommendations for change or updates directly to the Board of Directors. In accordance with Government Code Section 53646(a)(2), the investment policy may be established and modified only by action of the Board of Directors at a public meeting thereof.

The Treasurer shall render a quarterly report to the Board of Directors showing all investments in accordance with Section 53646 (b) of the Government Code. This report shall include:

1. The last statement from the Local Agency Investment Fund (LAIF), Investment Trust of California (CALTRUST), and any banks holding the funds.
2. A statement of the extent to which the Authority's investments are or may be out of compliance with this policy.
3. The report shall include a statement denoting the ability of the Authority to meet its cash demands for the next six months or shall provide an explanation as to why sufficient cash shall, or may not, be available.
4. The report shall include yield and weighted average to maturity.

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I hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the San Luis & Delta-Mendota Water Authority at a regular meeting of the Board of Directors thereof duly called and held at 842 6th Street, Los Banos, California on the 6th day of June, 2013.



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Daniel G. Nelson, Secretary

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

**RESOLUTION NO. 2025-**

**RESOLUTION AUTHORIZING ADOPTION OF 2026 REVISED INVESTMENT  
POLICY FOR THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

**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**, on June 6, 2013, the Board adopted Resolution No. 2013-367, which adopted a 2013 Revised Investment Policy for the Water Authority; and

**WHEREAS**, Water Authority staff has reviewed the 2013 Revised Investment Policy, and has proposed the 2026 Revised Investment Policy, to update legislative references and expand upon and provide descriptions of the investment criteria to be followed.

**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. The Board has reviewed and considered the proposed 2026 Revised Investment Policy, attached hereto as “**Exhibit A**,” and hereby adopts the proposed 2026 Revised Investment Policy.

Section 3. The Board finds that the 2026 Revised Investment Policy included in Exhibit A will enable the Water Authority to] fully and carefully invest all allowable Authority funds while complying with the Government Code of California relating to public agency investing. and will not adversely affect any interest of the Water Authority or the public.

Section 4. This resolution shall become effective immediately and shall remain in effect unless superseded by the requirements of statutes adopted following the effective date hereof or by further action of the Board.

**PASSED, APPROVED AND ADOPTED** this 9th day of July, 2026, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

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

Attest:

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Federico Barajas, Secretary

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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 9th day of July, 2026.

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Federico Barajas, Secretary



## EXHIBIT A

# REVISED INVESTMENT POLICY

2026

## PURPOSE

This statement is intended to provide a guideline for the prudent investment of monies and Reserve Funds, Bond Proceeds Funds, and Excess Enterprise Funds, and to outline a policy for maximizing the efficiency of the cash management system.

## OBJECTIVE

The cash management system of the San Luis & Delta-Mendota Water Authority (Authority) will be maintained to accurately monitor and forecast expenditures and revenues, thus enabling the Authority to fully invest funds.

## POLICY

All investments will be made under the terms and conditions of Sections 53601-53635, 57603, and Sections 16340-16429.3 of the Government Code of California. Criteria for the selection of investments and the order of priority of such criteria are as follows:

1. Safety of Principal. Investments shall be undertaken in a manner that first seeks to preserve portfolio principal.
2. Liquidity. Investments shall be made with maturity dates that are compatible with cash flow requirements, and which will always permit easy and rapid conversion into cash, without a substantial loss of value.
3. Return on Investment. Investments shall be undertaken to produce an acceptable rate of return after first consideration for principal and liquidity.

The following instruments are authorized for investment of Authority funds:

1. Funds may be invested in banks which are insured by the Federal Deposit Insurance Corporation. Savings accounts and active bank accounts will be insured and

collateralized to the degree consistent with or exceeding the existing law or regulation. In accordance with California Government Code section 53630 and 53601, to be eligible to receive Authority deposits, a financial institution shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities.

2. Funds may be invested, to the extent permitted by law and as conditions dictate, in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code.
3. Funds may be invested, to the extent permitted by law and as conditions dictate, in the Investment Trust of California (CALTRUST), a pooled investment program established by California public agencies for the purpose of pooling and investing local assets in accordance with Section 53601(p) of the Government Code.
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2. A statement of the extent to which the Authority's investments are or may be out of compliance with this policy.
3. The report shall include a statement denoting the ability of the Authority to meet its cash demands for the next six months or shall provide an explanation as to why sufficient cash shall, or may not, be available.
4. The report shall include yield and weighted average to maturity.