



ITEM ID: 2026-128-0

TRANSMITTAL DATE: February 20, 2026

MEETING DATE: February 27, 2026

TO: Board of Directors

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: Adoption of Investment Policy 2026

Issue

California Government Code Section 53607 provides investing authority to the governing body and may be delegated to the Authority's Treasurer for one-year periods. Under the Authority's executive management structure, the Chief Financial Officer effectively functions as the Treasurer with approval of the designation by the Board. This item is to recommend the approval of said delegation for an additional year.

In addition, the Authority's Investment Policy (Policy) requires that the Policy is reviewed and approved annually by its Board of Directors. The Policy establishes guidelines under which the Authority's funds can be invested with the objectives of ensuring safety of principal, availability of funds to meet current and future expenditures and achieving a reasonable rate of return on its cash and investments.

Recommendation

It is recommended that the Board approve the proposed Investment Policy FIN-3.1 annual revision and the designation of the Chief Financial Officer as Treasurer for an additional year.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

The Joint Powers Authority Agreement between the Authority and its Member Agencies requires the Authority to provide for accountability and safekeeping of all funds provided to the Authority for the provision of commuter rail services. The State of California requires all public agencies to have an investment policy that is approved by its governing board. The Authority's Investment Policy FIN-3.1 is intended to conform to State requirements and thereby provide assurance to Member Agencies that their funds are managed prudently in accordance with conservative guidelines that prioritize the safety of principal, liquidity, and total return.

In April 2015, the Authority established a \$25 million minimum threshold for cash sufficiency. In September 2020, the Board increased that minimum cash threshold to \$50 million to maintain fiscal sustainability. The investment of these threshold funds, as with all of the Authority's idle cash, including the additional \$50 million of Working Capital Funds received in FY25, are governed under the Investment Policy.

The Board approved the designation of the Chief Financial Officer as Treasurer on April 11, 2014, and has since extended that designation annually. By approving this policy, the Board will be extending this designation for one additional year through February 2027 unless revoked.

Discussion

In order to make revisions as necessary and prudent, Finance staff has performed a detailed review of appropriate guidance related to the Investment Policy. This review included the provisions and language of the current Investment Policy revision, review of relevant sections of the California Government Code, and review of the 2026 edition of the Local Agency Investment Guide as published by the California Debt and Investment Advisory Commission of the California State Treasurer's office. No material revisions are required or proposed.

The proposed minor revisions to the existing Investment Policy will serve to further strengthen the monitoring and reporting of available cash balances. The revisions formalize staff's current informal practice of providing a weekly cash flow update to the CFO/Treasurer during any week in which the available cash balance falls below the \$50 M Board threshold. Other updates include minor definitional modifications and clarifications to ensure transparency and clarity within the Policy, and revision or elimination of dated language and provision. A clean as well as redlined version of the proposed Policy highlighting the revisions is attached to this item.

Required Reporting

Pursuant to the requirements of this Policy and as recommended by state law, staff will return to the Board quarterly with an investment report. The report provides detailed information and ongoing assurance to the Board and Member Agencies concerning the security of the funds entrusted to the Authority.

In addition, at each month end staff is required to evaluate and determine if available cash is

sufficient to meet future cash needs. If staff determines the monthly ending available cash has fallen below the \$50 million minimum threshold for more than two consecutive months, the Board will be notified promptly.

The Board may choose not to approve the Policy. A separate action would then be required to approve the Investment Policy to conform with the State Code. Such action would cause the Board to directly assume responsibility for the investment function.

Budget Impact

There is no budgetary impact as a result of this report.

Next Steps

This policy will go into effect upon approval by the Board.

Prepared by: Vivien Avella, Assistant Director, Finance

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

[Attachment A - FIN-3.1 Investment Policy 2026 CLEAN](#)
[Attachment B - FIN-3.1 Investment Policy 2026 REDLINE](#)
[Presentation - Investment Policy Presentation FY26](#)