



Denton County Transportation Authority

**\*\*Note New Address\*\***

**1955 Lakeway Dr., # 260  
Lewisville, Texas 75057**

(972) 221-4600  
dcta.net

**Board of Directors  
Work Session  
October 23, 2014  
1:30 p.m.**

1. Routine Briefing Items
  - a. Financial Reports
    - i. Financial Statements
    - ii. Capital Projects Fund
    - iii. Sales Tax Report
    - iv. Procurement Report
    - v. 4<sup>th</sup> Quarter Investment Report
    - vi. Investment Policy Annual Review
  - b. Communications and Marketing
    - i. Marketing and Communications Initiatives
    - ii. Media Coverage
    - iii. Customer Service
  - c. Capital Projects Update
    - i. GTW Integration
    - ii. Where's My Ride
    - iii. Bus Operations and Maintenance Facility (O&M)
    - iv. Community Enhancements
    - v. Lewisville Bike Trail
    - vi. Positive Train Control (PTC)
    - vii. Station Improvements
  - d. Transit Operations
    - i. Rail Operations
    - ii. Bus Operations
  - e. Strategic Planning / Development
    - i. Priority Projects Update
    - ii. Outreach Efforts

2. Committee Reports
  - a. Finance Committee – Chairman Dave Kovatch
  - b. Legislative Committee – Chairman Charles Emery
3. Discussion of Agency Performance Reporting
4. Discussion of Regular Board Meeting Agenda Items (October 23, 2014)
5. Executive Session
  - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
  - b. As authorized by Texas Government Code section 551.071 consultation with General Counsel regarding pending litigation Cause No 2011-30066-211; URS Corporation v. Denton County Transportation Authority; 211th District Court, Denton County, Texas.
6. Reconvene Open Session
  - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
7. Discussion of Future Agenda Items
  - a. Board Member Requests

**Board of Directors**  
**Regular Meeting**  
October 23, 2014  
3:00 p.m.\*

*\*or immediately following Board Work Session*

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS

INVOCATION

WELCOME AND INTRODUCTION OF VISITORS – Presentation of Agency Awards

1. CONSENT AGENDA
  - a. Approval of Minutes September 25, 2014
  - b. Acceptance of Financial Reports
  - c. Accept 4<sup>th</sup> Quarter Investment Report
  - d. Approval of Resolution 14-07 Adopting Investment Policy
2. CHAIR REPORT
  - a. Discussion of Regional Transportation Issues

**3. PRESIDENT'S REPORT**

- a. Regional Transportation Update
- b. Budget Transfers

**4. REPORT ON ITEMS OF COMMUNITY INTEREST**

- a. Pursuant to Texas Government Section 551.0415 the Board of Directors may report on following items: (1) expression of thanks, congratulations, or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming DCTA and Member City events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.

**5. CONVENE EXECUTIVE SESSION**

- a. As Authorized by Section 551.071(2) of the Texas Government Code, the Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.

**6. RECONVENE OPEN SESSION**

- a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

**7. ADJOURN**

**Chair – Charles Emery  
Vice Chair – Paul Pomeroy**

**Secretary – Richard Huckaby  
Treasurer – Dave Kovatch**

**Members – Skip Kalb, Doug Peach, Jim Robertson, Daniel Peugh,  
Don Hartman, George A. Campbell, Allen Harris, Carter Wilson  
President – Jim Cline**

The Denton County Transportation Authority meeting rooms are wheelchair accessible. Access to the building and special parking are available at the main entrance. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by emailing [lbachus@dcta.net](mailto:lbachus@dcta.net) or calling Leslee Bachus at 972-221-4600.

This notice was posted on 10/17/2014 at 1:07 PM.

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Leslee Bachus, Executive Assistant



## Board of Directors Memo

October 23, 2014

### **Subject: Work Session 1ai) Monthly Financial Reports**

#### **Background**

The financial statements are presented to the Board of Directors on a monthly basis for acceptance. The reports presented for the period ending September 30, 2014 include the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund. These reports provide a comparison of budget vs. actual for the fiscal year as of the current month.

The following are major variances which are annotated on the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund:

#### **Statement of Changes in Net Assets:**

- **Note A:** Passenger Revenues – YTD favorable by \$80k because the average passenger fare for Connect and Access passengers is higher than anticipated in the budget, offset by lower than budgeted ridership. Total FY14 actual ridership of 2.8 million is 16% less than budgeted ridership of 3.4 million.
- **Note B:** Contract Service Revenue – YTD unfavorable by (\$237k) because actual fuel usage and price are lower than budgeted. Billed usage was 150,745 gallons compared to budgeted 167,854 gallons, down 10%.
- **Note C:** Sales Tax Revenue – September sales tax revenue is not yet received and is accrued for the month based on budget. Sales tax generated in September will be received in November. The Sales Tax Report included in this agenda packet provides a more detailed Budget to Actual comparison of FY14 sales tax receipts collected through October.
- **Note D:** Federal/State Grants – YTD favorable by \$595k is the net of delays in capital project activities and drawdowns of FY13 formula grant funds for operating activities. The final FY13 apportionment was available in March 2014 for draw down. FTA grant revenue is recognized as reimbursements for expenditures as they occur. Changes in project timelines from what was originally anticipated in the budget results in a timing variance.
- **Note E:** Services – YTD favorable by \$846k due to a delay in expenses and cost savings of certain projects. Budgeted funds of \$228k are remaining from FY13 for pending litigation. Budgeted funds of \$392k remain for legal fees (\$98k); the hybrid computing ELP (\$30k); finance consulting projects (\$60k); marketing expenses associated with passenger information, website redesign, and I-35 campaign (\$90k); bus maintenance (\$40k); and rail station landscaping (\$74k). Cost savings of \$160k for external audit and investment advisory services (\$34k); security and law enforcement (\$17k); and PR for pending litigation, employer outreach, the university pass program and GoPass campaign (\$109k) are realized as these expenses were not incurred.
- **Note F:** Materials and Supplies – YTD favorable by \$747k mainly because fuel usage and price are below budget. Rail operations fuel is \$307k under budget because actual fuel prices have averaged \$3.08/gallon compared to the budgeted price of \$4.15/gallon. Bus operations fuel is \$333k under budget primarily because fuel prices have averaged \$3.25/gallon compared to \$4.15/gallon budgeted. In addition, actual fuel usage of 361k

gallons is slightly lower than the 363k gallons budgeted. Actual expenses for bus tire replacements were \$104k below budget.

- **Note G:** Purchased Transportation Services – YTD unfavorable by (\$67k) due to additional maintenance of equipment needed as a result of the rail washout.

**Capital Projects Fund**

- The Capital Projects Fund schedule provides budget to actual comparisons for DCTA bus and rail capital projects. It provides information on a life-to-date basis for approved projects.

**Identified Need**


Provides the Board a review of DCTA's financial position and performance to budget.

**Recommendation**

Staff recommends acceptance.

Submitted by: Marisa Perry, CPA   
Accounting Manager

Final Review:   
Department Head

Approval:   
James C. Cline, Jr., P.E.,  
President

**Denton County Transportation Authority**  
**Change in Net Assets**  
**Month and Year to Date September 30, 2014**  
**(Unaudited)**

WS1ai

Description	Month Ended September 30, 2014			Year to Date September 30, 2014			Annual Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
<b>Revenue and Other Income</b>								
Passenger Revenues	138,830	116,991	21,839	1,455,238	1,375,663	79,575	1,375,663	Note A
Contract Service Revenue	345,052	356,768	(11,716)	3,061,389	3,298,781	(237,392)	3,298,781	Note B
Sales Tax Revenue	2,036,558	1,939,213	97,345	21,247,917	20,725,320	522,597	20,725,320	Note C
Federal/State Grants and Reimbursements	915,184	1,201,391	(286,208)	7,674,132	7,079,358	594,775	7,079,358	Note D
<b>Total Revenue and Other Income</b>	<b>3,435,624</b>	<b>3,614,363</b>	<b>(178,739)</b>	<b>33,438,676</b>	<b>32,479,122</b>	<b>959,555</b>	<b>32,479,122</b>	
<b>Operating Expenses</b>								
Salary, Wages and Benefits	648,397	728,762	80,365	7,623,291	8,329,943	706,652	8,329,943	
Services	186,141	126,398	(59,743)	1,886,121	2,731,636	845,514	2,731,636	Note E
Materials and Supplies	470,066	321,687	(148,379)	2,953,736	3,701,224	747,487	3,701,224	Note F
Utilities	55,675	43,368	(12,307)	399,711	472,015	72,304	472,015	
Insurance, Casualties and Losses	64,212	67,222	3,011	775,987	798,162	22,175	798,162	
Purchased Transportation Services	778,058	778,058	-	9,367,582	9,300,701	(66,881)	9,300,701	Note G
Miscellaneous	7,655	11,462	3,807	116,703	236,085	119,382	236,085	
Leases and Rentals	2,476	155,919	153,443	350,704	427,615	76,911	427,615	
Depreciation	721,711	721,368	(343)	8,665,635	8,668,090	2,456	8,668,090	
<b>Total Operating Expenses</b>	<b>2,934,392</b>	<b>2,954,246</b>	<b>19,854</b>	<b>32,139,470</b>	<b>34,665,470</b>	<b>2,526,000</b>	<b>34,665,470</b>	
<b>Income Before Non-operating Revenue and Expense</b>	<b>501,232</b>	<b>660,117</b>	<b>(158,885)</b>	<b>1,299,207</b>	<b>(2,186,348)</b>	<b>3,485,555</b>	<b>(2,186,348)</b>	
<b>Non-Operating Revenues / (Expense)</b>								
Investment Income	1,604	2,750	(1,146)	21,100	33,000	(11,900)	33,000	
Gain (Loss) Disposal of Assets	30	-	30	22,825	-	22,825	-	
Fare Evasion Fee	225	-	225	3,750	-	3,750	-	
Other Income - Miscellaneous	3,418	750	2,668	58,709	7,125	51,584	7,125	
Long Term Debt Interest/Expense	(134,531)	(234,972)	100,440	(1,451,364)	(2,627,850)	1,176,486	(2,627,850)	
<b>Total Non-Operating Revenue / (Expense)</b>	<b>(129,255)</b>	<b>(231,472)</b>	<b>102,217</b>	<b>(1,344,980)</b>	<b>(2,587,725)</b>	<b>1,242,745</b>	<b>(2,587,725)</b>	
<b>Change in Net Assets</b>	<b>371,977</b>	<b>428,646</b>	<b>(56,668)</b>	<b>(45,773)</b>	<b>(4,774,073)</b>	<b>4,728,300</b>	<b>(4,774,073)</b>	

**Denton County Transportation Authority**  
**Statement of Net Assets**  
**As of September 30, 2014**  
**(Unaudited)**

	<u>September 30, 2014</u>	<u>August 31, 2014</u>	<u>Change</u>
<b>Current Assets</b>			
Cash & Cash Equivalents	9,195,354	9,166,256	29,098
Investments	6,317,810	6,518,405	(200,595)
Accounts & Notes Receivable	5,606,190	4,157,507	1,448,683
Prepaid Expenses	338,872	403,083	(64,212)
Inventory	16,855	32,121	(15,266)
Restricted Asset-Cash and Equivalents	3,470,160	5,011,322	(1,541,162)
<b>Total Current Assets</b>	<u>24,945,241</u>	<u>25,288,694</u>	<u>(343,453)</u>
<b>Property, Plant and Equipment</b>			
Land	16,228,337	16,228,337	-
Land Improvements	5,386,734	5,386,734	-
Machinery & Equipment	1,695,752	1,695,752	-
Leasehold Improvements	55,506	55,506	-
Vehicles	88,584,258	88,584,258	-
Computers & Software	262,676	262,676	-
Accumulated Depreciation	(29,525,940)	(28,804,229)	(721,711)
<b>Total Property, Plant and Equipment</b>	<u>82,687,323</u>	<u>83,409,034</u>	<u>(721,711)</u>
<b>Other Non Current Assets</b>			
Bond Fees	-	32,983	(32,983)
<b>Total Other Non Current Assets</b>	<u>-</u>	<u>32,983</u>	<u>(32,983)</u>
<b>Capital Assets</b>			
Intangible Assets	16,997,155	16,997,155	-
Other Capital Assets, Net	217,330,579	216,226,592	1,103,987
Construction in Progress	22,540,700	23,328,959	(788,259)
<b>Total Capital Assets</b>	<u>256,868,434</u>	<u>256,552,706</u>	<u>315,728</u>
<b>Total Assets</b>	<u>364,500,998</u>	<u>365,283,418</u>	<u>(782,420)</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	1,334,518	999,928	334,590
Salary, Wages, and Benefits Payable	464,509	450,168	14,341
Accrued Expenses Payable	2,965,684	3,031,400	(65,716)
Deferred Revenues	195,515	203,321	(7,805)
Interest Payable	-	520,253	(520,253)
<b>Total Current Liabilities</b>	<u>4,960,226</u>	<u>5,205,069</u>	<u>(244,843)</u>
<b>Non-Current Liabilities</b>			
Rail Easement Payable	1,500,000	1,500,000	-
Retainage Payable	1,965,452	1,955,007	10,445
Bonds Payable	33,475,000	34,395,000	(920,000)
<b>Total Non-Current Liabilities</b>	<u>36,940,452</u>	<u>37,850,007</u>	<u>(909,555)</u>
<b>Total Liabilities</b>	<u>41,900,679</u>	<u>43,055,076</u>	<u>(1,154,398)</u>
<b>Net Assets</b>			
Invested in Capital Assets	305,306,546	305,306,546	-
Unrestricted Retained Earnings	17,339,546	17,339,546	-
Change in Net Assets	(45,773)	(417,751)	<b>371,977</b>
<b>Total Equity</b>	<u>322,600,319</u>	<u>322,228,341</u>	<u>371,977</u>
<b>Total Liabilities and Equity</b>	<u>364,500,998</u>	<u>365,283,418</u>	<u>(782,420)</u>

**Capital Projects Fund - DCTA**  
**Budget vs. Actual**  
As of September 30, 2014  
(Cash Basis)

Work Session 1aii

	Original Budget	Revised Budget	September 2014 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of September 2014 Close)
<b>ASSETS</b>						
<b>Fixed Assets</b>						
<b>1660 · Construction Work in Progress</b>						
<b>1 · G&amp;A Capital Projects</b>						
10401 · Cloud Hybrid Backup Solution.						
1040121 · Systems	35,000	-	-	-	-	0%
<b>Total 50202 · Passenger Amenities (Phase 2)</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Total 1 · G&amp;A Capital Projects</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>5 · Bus Capital Projects</b>						
<b>50202 · Passenger Amenities (Phase 2)</b>						
5020214 · Acquisition	174,011	229,326	-	139,063	90,263	61%
5020215 · Survey, Testing & Inspection				2,900	(2,900)	
5020216 · Construction				86,787	(86,787)	
5020226 · Furniture Fixtures & Equipment				142	(142)	
5020229 · Project Management				10,283	(10,283)	
<b>Total 50202 · Passenger Amenities (Phase 2)</b>	<b>174,011</b>	<b>229,326</b>	<b>-</b>	<b>239,175</b>	<b>(9,849)</b>	<b>104%</b>
<b>50301 · Bus O&amp;M Facility</b>						
5030113 · Design	590,000	1,294,280	-	1,161,886	132,395	90%
5030115 · Survey, Testing, Inspection		104,735	-	112,957	(8,222)	108%
5030114 · Land Acquisition	1,164,310	1,173,451	-	1,184,450	(10,999)	101%
5030116 · Building Construction	4,745,690	5,648,243	-	5,236,508	411,735	93%
5030118 · Canopy Construction		-	-	-	-	0%
5030120 · Landscaping		542,513	-	594,369	(51,856)	110%
5030121 · Systems		333,294	-	377,034	(43,740)	113%
5030125 · Utilities		1,362,500	-	1,638,126	(275,626)	120%
5030126 · Furniture, Fixtures & Equipment	1,642,667	517,865	-	698,441	(180,576)	135%
5030128 · Contingency		275,895	-	-	275,895	0%
5030129 · Project Management		205,000	-	52,498	152,502	26%
5030131 · Insurance/Bonds		105,521	-	105,521	-	100%
5030132 · Mobilization		157,060	-	165,385	(8,325)	105%
5030133 · Legal Fees		360	-	1,460	(1,100)	406%
<b>Total 50301 · Bus O&amp;M Facility</b>	<b>8,142,667</b>	<b>11,720,717</b>	<b>-</b>	<b>11,328,634</b>	<b>392,083</b>	<b>97%</b>
<b>50303 · DDTC</b>						
5030311 · Engineering				1,850	(1,850)	
5030314 · Acquisition	373,282	373,282	-	10,747	362,535	3%
<b>Total 50303 · DDTC</b>	<b>373,282</b>	<b>373,282</b>	<b>-</b>	<b>12,597</b>	<b>360,685</b>	<b>3%</b>
<b>50406 · Where's My Ride</b>						
5040614 · Acquisition	940,485	940,485	5,180	558,158	382,327	59%
5040629 · Project Management				11,816	(11,816)	
<b>Total 50406 · Where's My Ride</b>	<b>940,485</b>	<b>940,485</b>	<b>5,180</b>	<b>569,974</b>	<b>370,512</b>	<b>61%</b>
<b>50502 · Fleet Replacement</b>						
5050214 · Acquisition	1,968,500	3,411,592	-	2,982,327	429,265	87%
<b>Total 50502 · Fleet Replacement</b>	<b>1,968,500</b>	<b>3,411,592</b>	<b>-</b>	<b>2,982,327</b>	<b>429,265</b>	<b>87%</b>
<b>50504 · Fleet Replacement (2014)</b>						
5050414 · Acquisition	877,998	877,998	57,865	625,430	252,568	71%
<b>Total 50504 · Fleet Replacement (2014)</b>	<b>877,998</b>	<b>877,998</b>	<b>57,865</b>	<b>625,430</b>	<b>252,568</b>	<b>71%</b>
<b>50408 · Bus Radios</b>						
5040814 · Acquisition	137,457	137,457	-	2,332	135,125	2%
<b>Total 50408 · Bus Radios</b>	<b>137,457</b>	<b>137,457</b>	<b>-</b>	<b>2,332</b>	<b>135,125</b>	<b>2%</b>
<b>Total 5 · Bus Capital Projects</b>	<b>12,614,400</b>	<b>17,690,857</b>	<b>63,045</b>	<b>15,760,469</b>	<b>1,930,388</b>	<b>89%</b>



**Budget vs. Actual**  
**As of September 30, 2014**  
**(Cash Basis)**

	Original Budget	Revised Budget	September 2014 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of September 2014 Close)
<b>6 - Rail Construction</b>						
<b>61103 - Rail Grinding (2014) - CLOSED</b>						
6110317 - Track & Civil Construction	192,000	192,000		103,987	88,013	54%
<b>Total 61103 - Rail Grinding (2014)</b>	<b>192,000</b>	<b>192,000</b>	<b>-</b>	<b>103,987</b>	<b>88,013</b>	<b>54%</b>
<b>61206 - MedPark Extension - CLOSED</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>100%</b>
<b>61401 - Fare Collection Systems</b>						
6140111 - Engineering	-	68,962		68,963	(1)	100%
6140114 - Acquisition	489,000	582,371		477,281	105,090	82%
6140115 - Installation	80,000	81,771		103,699	(21,928)	127%
<b>Total 61401 - Fare Collection Systems</b>	<b>569,000</b>	<b>733,104</b>	<b>-</b>	<b>649,943</b>	<b>83,161</b>	<b>89%</b>
<b>61406 - Positive Train Control</b>						
6140617 - Construction	13,492,026	19,397,536			19,397,536	0%
6140628 - Contingency	728,554	728,554			728,554	0%
6140629 - Project Management	2,097,992	2,097,992	13,176	793,096	1,304,896	38%
6140633 - Legal Fees	80,939	80,939			80,939	0%
6140636 - Vehicle Provisions	597,930	597,930		358,758	239,172	60%
6140621 - Systems	-	-		-	-	0%
<b>Total 61406 - Positive Train Control</b>	<b>16,997,441</b>	<b>22,902,951</b>	<b>13,176</b>	<b>1,151,854</b>	<b>21,751,097</b>	<b>5%</b>
<b>61707 - Community Enhancements</b>						
6170711 - Engineering	22,000	22,000		-	22,000	0%
6170712 - Preliminary Design	12,500	12,500		55,737	(43,237)	446%
6170713 - Final Design	15,000	15,000		66,741	(51,741)	445%
6170715 - Survey, Inspection & Testing	6,000	6,000		325	5,675	5%
6170716 - Building Construction	545,000	545,000	108,947	207,375	337,625	38%
6170720 - Landscaping	25,000	25,000		2,500	22,500	10%
6170726 - FF&E	10,000	10,000	66,166	66,166	(56,166)	662%
6170727 - Environmental Mitigation	4,000	4,000		-	4,000	0%
6170728 - Contingency	15,029	15,029		-	15,029	0%
6170729 - Project Management	85,088	85,088	3,045	10,898	74,190	13%
6170733 - Administration Fees	13,091	13,091		19,637	(6,546)	150%
<b>Total 61707 - Community Enhancements</b>	<b>752,708</b>	<b>752,708</b>	<b>178,158</b>	<b>429,379</b>	<b>323,329</b>	<b>57%</b>
<b>61708 - Lewisville Bike Trail</b>						
6170811 - Engineering	75,000	75,000		332,719	(257,719)	444%
6170812 - Preliminary Design	75,000	75,000		67,835	7,165	90%
6170813 - Final Design	41,000	41,000		-	41,000	0%
6170816 - Building Construction	2,020,562	2,020,562		-	2,020,562	0%
6170820 - Landscaping	21,000	21,000		-	21,000	0%
6170822 - Bridges	55,355	55,355		-	55,355	0%
6170823 - Crossings/Traffic Signals	200,000	200,000		-	200,000	0%
6170825 - Utilities	75,000	75,000		-	75,000	0%
6170826 - FF&E	3,000	3,000		-	3,000	0%
6170827 - Environmental Mitigation	28,800	28,800		-	28,800	0%
6170828 - Contingency	50,000	50,000		-	50,000	0%
6170829 - Project Management	394,454	394,454	30	3,353	391,101	1%
6170833 - Administration Fees	60,685	60,685		60,685	-	100%
<b>Total 61708 - Lewisville Bike Trail</b>	<b>3,099,856</b>	<b>3,099,856</b>	<b>30</b>	<b>464,592</b>	<b>2,635,264</b>	<b>15%</b>
<b>61710 - HV Parking Expansion</b>						
6171011 - Engineering	-	-		33,986	(33,986)	
6171016 - Building Construction	-	-	20,617	189,582	(189,582)	
6171029 - Project Management	-	-	150	6,210	(6,210)	
6171017 - Civil Construction	250,000	314,110		55,091	259,019	18%
<b>Total 61710 - HV Parking Expansion</b>	<b>250,000</b>	<b>314,110</b>	<b>20,767</b>	<b>284,869</b>	<b>29,241</b>	<b>91%</b>

Capital Projects Fund - DCTA  
**Budget vs. Actual**  
As of September 30, 2014  
(Cash Basis)

Work Session 1aii

	Original Budget	Revised Budget	September 2014 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of September 2014 Close)
<b>60701 · Passenger Information</b>						
6070114 · Acquisition	56,214	56,214	33,820	57,671	(1,457)	103%
<b>Total 60701 · Passenger Information</b>	<b>56,214</b>	<b>56,214</b>	<b>33,820</b>	<b>57,671</b>	<b>(1,457)</b>	<b>103%</b>
<b>61711 · Rail Maintenance of Way (MOW)</b>						
6171136 · Vehicle Provisions	-	-		23,712	(23,712)	
6171129 · Project Management	-	-		135	(135)	
6171117 · Track & Civil Construction	150,000	150,000		35,358	114,642	24%
<b>Total 61711 · Rail MOW</b>	<b>150,000</b>	<b>150,000</b>	<b>-</b>	<b>59,205</b>	<b>90,795</b>	<b>39%</b>
<b>61712 · Rail Maintenance of Equipment (MOE)</b>						
6171215 · Survey, Testing, Inspection	-	-		22,721	(22,721)	
6171217 · Track & Civil Construction	585,000	585,000		8,262	576,738	1%
<b>Total 61712 · Rail MOE</b>	<b>585,000</b>	<b>585,000</b>	<b>-</b>	<b>30,983</b>	<b>554,017</b>	<b>5%</b>
<b>61503 · Rail Single Car Operations</b>						
6150315 · Survey, Testing, Inspection	101,800	101,800	3,752	22,169	79,631	22%
<b>Total 61503 · Rail Single Car Operations</b>	<b>101,800</b>	<b>101,800</b>	<b>3,752</b>	<b>22,169</b>	<b>79,631</b>	<b>22%</b>
<b>61504 · Re-Railing Equipment</b>						
6150415 · Acquisition	121,000	121,000		-	121,000	0%
<b>Total 61504 · Re-Railing Equipment</b>	<b>121,000</b>	<b>121,000</b>	<b>-</b>	<b>-</b>	<b>121,000</b>	<b>0%</b>
<b>61505 · GTW Wheel Work</b>						
6150514 · Acquisition	915,041	915,041		-	915,041	0%
<b>Total 61505 · GTW Wheel Work</b>	<b>915,041</b>	<b>915,041</b>	<b>-</b>	<b>-</b>	<b>915,041</b>	<b>0%</b>
<b>Total Rail Construction Projects</b>	<b>24,790,060</b>	<b>30,923,784</b>	<b>249,703</b>	<b>4,254,652</b>	<b>26,669,132</b>	<b>14%</b>
<b>Total 1660 · Construction Work in Progress</b>	<b>37,439,460</b>	<b>48,614,641</b>	<b>312,748</b>	<b>20,015,121</b>	<b>28,599,520</b>	<b>41%</b>

**Board of Directors Memo****October 23, 2014****Item: WS 1(a)iii Sales Tax Report****Background**

Sales tax represents the single largest source of revenue for DCTA, at 54.51% for FY14 budget. The annual Sales Tax budget is \$20,725,320. Because of its importance in funding of DCTA's ongoing operations, the Board adopted a Budget Contingency Plan that outlines the Agency's response when declines in sales tax hit a specific target. This month, receipts were favorable compared to budget.

- Sales tax for sales generated at retail in the month of August and received in October was \$1,838,588.
- This represents an increase of 5.59% or \$97,345 compared to budget for the month.
- Receipts are favorable 2.78% year-to-date compared to budget.
- Compared to the same month last year, sales tax receipts were \$146,308 or 8.65% more.
  
- Member city collections for the month compared to prior year are as follows:
  - City of Lewisville up 5.75%
  - City of Denton up 10.83%
  - Highland Village up 6.85%

**Need**

Provides the Board of Directors a monthly status on Sales Tax collections.

**Recommendation**

For information only. No action required.

**Final Review:**A handwritten signature in blue ink, appearing to read "Anna Mosqueda".

Anna Mosqueda,  
CFO

**Denton County Transportation Authority (DCTA)**  
**Sales Tax Report**  
**Budget to Actual and Previous Year Comparison**

Sales Generated in Month of:	Received in Month of:	2013-2014 Year Budget	2013-2014 Year Actual	Variance Actual to Budget	CY Actual to CY Budget % Variance	2012-2013 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,663,294	\$ 1,646,959	\$ (16,336)	-0.98%	\$ 1,637,689	\$ 9,270	0.57%
November	January	\$ 1,460,365	\$ 1,582,022	\$ 121,657	8.33%	\$ 1,437,884	\$ 144,138	10.02%
December	February	\$ 2,161,605	\$ 2,173,929	\$ 12,324	0.57%	\$ 2,128,329	\$ 45,600	2.14%
January	March	\$ 1,545,815	\$ 1,570,510	\$ 24,695	1.60%	\$ 1,501,720	\$ 68,790	4.58%
February	April	\$ 1,538,578	\$ 1,278,211	\$ (260,367)	-16.92%	\$ 1,494,663	\$ (216,452)	-14.48%
March	May	\$ 1,836,424	\$ 1,957,442	\$ 121,018	6.59%	\$ 1,785,090	\$ 172,352	9.66%
April	June	\$ 1,634,166	\$ 1,777,141	\$ 142,976	8.75%	\$ 1,587,871	\$ 189,270	11.92%
May	July	\$ 1,689,374	\$ 1,756,564	\$ 67,190	3.98%	\$ 1,641,703	\$ 114,860	7.00%
June	August	\$ 1,876,393	\$ 2,008,175	\$ 131,782	7.02%	\$ 1,824,064	\$ 184,111	10.09%
July	September	\$ 1,638,850	\$ 1,719,163	\$ 80,313	4.90%	\$ 1,592,438	\$ 126,725	7.96%
August	October	\$ 1,741,243	\$ 1,838,588	\$ 97,345	5.59%	\$ 1,692,280	\$ 146,308	8.65%
September	November	\$ 1,939,214				\$ 1,885,320		
<b>YTD Total</b>		<b>\$ 20,725,320</b>	<b>\$ 19,308,704</b>	<b>\$ 522,598</b>	<b>2.78%</b>	<b>\$ 20,209,051</b>	<b>\$ 984,973</b>	<b>5.10%</b>

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department  
Prepared By: Denton County Transportation Authority Finance Department  
October 15, 2014

**Denton County Transportation Authority (DCTA)  
Member Cities Sales Tax Report  
Month Allocation is Received from Comptroller  
Previous Year Comparison**

City of Lewisville					
Sales Generated in Month of:	Received in Month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 2,371,150	\$ 2,412,800	\$ 41,651	1.76%
November	January	\$ 1,965,351	\$ 2,283,269	\$ 317,918	16.18%
December	February	\$ 3,085,264	\$ 3,094,980	\$ 9,716	0.31%
January	March	\$ 2,041,610	\$ 2,250,821	\$ 209,211	10.25%
February	April	\$ 2,102,744	\$ 1,476,738	\$ (626,007)	-29.77%
March	May	\$ 2,507,338	\$ 2,828,191	\$ 320,853	12.80%
April	June	\$ 2,214,494	\$ 2,569,274	\$ 354,780	16.02%
May	July	\$ 2,350,979	\$ 2,570,909	\$ 219,930	9.35%
June	August	\$ 2,611,642	\$ 2,797,425	\$ 185,783	7.11%
July	September	\$ 2,256,113	\$ 2,472,024	\$ 215,911	9.57%
August	October	\$ 2,407,746	\$ 2,546,174	\$ 138,428	5.75%
September	November	\$ 2,649,874			
<b>YTD Total</b>		<b>\$ 28,564,305</b>	<b>\$ 27,302,606</b>	<b>\$ 1,388,175</b>	<b>5.36%</b>

City of Highland Village					
Sales Generated in Month of:	Received in Month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 250,036	\$ 242,975	\$ (7,061)	-2.82%
November	January	\$ 246,297	\$ 271,909	\$ 25,612	10.40%
December	February	\$ 413,314	\$ 415,312	\$ 1,998	0.48%
January	March	\$ 239,867	\$ 240,189	\$ 321	0.13%
February	April	\$ 215,912	\$ 231,225	\$ 15,313	7.09%
March	May	\$ 310,470	\$ 323,839	\$ 13,369	4.31%
April	June	\$ 240,403	\$ 269,705	\$ 29,302	12.19%
May	July	\$ 240,734	\$ 288,253	\$ 47,519	19.74%
June	August	\$ 318,280	\$ 356,088	\$ 37,808	11.88%
July	September	\$ 244,567	\$ 271,361	\$ 26,794	10.96%
August	October	\$ 244,339	\$ 261,084	\$ 16,745	6.85%
September	November	\$ 280,725			
<b>YTD Total</b>		<b>\$ 3,244,944</b>	<b>\$ 3,171,939</b>	<b>\$ 207,720</b>	<b>7.01%</b>

City of Denton					
Sales Generated in Month of:	Received in Month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,947,110	\$ 1,858,283	\$ (88,827)	-4.56%
November	January	\$ 1,729,578	\$ 1,802,476	\$ 72,898	4.21%
December	February	\$ 2,521,245	\$ 2,657,999	\$ 136,754	5.42%
January	March	\$ 1,929,590	\$ 1,877,525	\$ (52,064)	-2.70%
February	April	\$ 1,843,927	\$ 1,940,004	\$ 96,078	5.21%
March	May	\$ 2,297,125	\$ 2,488,428	\$ 191,303	8.33%
April	June	\$ 1,940,931	\$ 2,077,345	\$ 136,414	7.03%
May	July	\$ 1,950,564	\$ 2,003,488	\$ 52,924	2.71%
June	August	\$ 2,236,264	\$ 2,482,262	\$ 245,998	11.00%
July	September	\$ 1,936,814	\$ 1,922,509	\$ (14,305)	-0.74%
August	October	\$ 2,091,400	\$ 2,317,928	\$ 226,528	10.83%
September	November	\$ 2,529,584			
<b>YTD Total</b>		<b>\$ 24,954,131</b>	<b>\$ 23,428,246</b>	<b>\$ 1,003,699</b>	<b>4.48%</b>

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department  
Prepared By: Denton County Transportation Authority Finance Department  
#####

**All Transit Agencies  
Monthly Sales and Use Tax Comparison Summary**

<b>Transit</b>	<b>Current Rate</b>	<b>Net Payment This Period</b>	<b>Comparable Payment Prior Year</b>	<b>% Change</b>	<b>2014 Payments To Date</b>	<b>2013 Payments To Date</b>	<b>% Change</b>
Houston MTA	1.00%	\$ 54,521,274.90	\$ 51,676,888.15	5.50%	\$ 572,653,497.90	\$ 537,421,440.23	6.56%
Dallas MTA	1.00%	\$ 40,136,581.24	\$ 35,998,836.11	11.49%	\$ 402,511,448.77	\$ 378,589,091.26	6.32%
Austin MTA	1.00%	\$ 15,554,467.53	\$ 14,743,864.88	5.50%	\$ 161,393,895.47	\$ 148,212,063.40	8.89%
San Antonio MTA	0.50%	\$ 10,334,048.38	\$ 9,555,062.66	8.15%	\$ 109,111,931.16	\$ 99,461,117.34	9.70%
San Antonio ATD	0.25%	\$ 4,625,364.49	\$ 4,342,542.04	6.51%	\$ 49,287,007.90	\$ 45,171,024.84	9.11%
Fort Worth MTA	0.50%	\$ 5,034,663.84	\$ 4,866,491.50	3.46%	\$ 52,217,841.97	\$ 48,777,177.54	7.05%
El Paso CTD	0.50%	\$ 3,044,390.31	\$ 2,998,854.25	1.52%	\$ 32,570,565.31	\$ 31,367,766.45	3.83%
Corpus Christi MTA	0.50%	\$ 3,008,615.97	\$ 2,630,543.18	14.37%	\$ 28,677,389.92	\$ 27,480,637.36	4.35%
Denton CTA	0.50%	\$ 1,838,588.15	\$ 1,692,280.00	8.65%	\$ 17,661,745.63	\$ 16,686,042.59	5.85%
Laredo CTD	0.25%	\$ 602,622.86	\$ 627,736.08	-4.00%	\$ 6,450,897.21	\$ 6,448,353.77	0.04%
<b>TOTALS</b>		<b>\$ 138,700,617.67</b>	<b>\$ 129,133,098.85</b>	<b>7.41%</b>	<b>\$ 1,432,536,221.24</b>	<b>\$ 1,339,614,714.78</b>	<b>6.94%</b>

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department  
Prepared By: Denton County Transportation Authority Finance Department  
October 15, 2014





## Board of Directors Memo

October 23, 2014

### Item: 1(a)(iv) Procurement Status Report

#### Light Duty Vehicles

A procurement was released on October 16th, for the purchase of three (3) vehicles for bus supervisors. These vehicles will replace three units currently in use that have reached the end of their useful life. Bids for the vehicles are due on November 6<sup>th</sup>. Staff anticipates a recommendation for award to be presented at the November meeting.

#### Heavy Duty 35 ft. Buses

A procurement will be released in October for the purchase of two (2) heavy duty buses. Two buses will be purchased upon award of the contract and options for additional buses can be purchased over the next five years. By including options in the contract at the commencement it will eliminate the need to complete additional procurements in the future. The options are not a guarantee that DCTA will purchase the buses in the future.

#### Tires, New and Recapped

Three bids for the purchase of new and recapped tires were received on October 16, 2014, and are currently under review. Staff anticipates a recommendation for award to be presented at the November meeting.

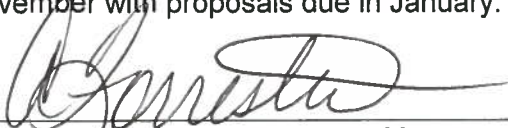
#### Replacement Engines and Transmissions

Staff is developing a procurement for the replacement engines and transmissions for the Connect fleet. It is anticipated the procurement will be released in November and will be on the December agenda for award.

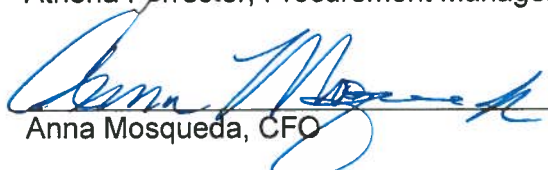
#### Positive Train Control and Spectrum

Staff is working to develop specifications and procurement documents for an RFP for the purchase of Spectrum and positive train control functionality. It is anticipated the RFP's will be released in early November with proposals due in January.


Submitted by:

  
Athena Forrester, Procurement Manager

Final Review:

  
Anna Mosqueda, CFO

Approval:

  
James C. Cline, Jr., President



## Investment Portfolio Summary

### Denton County Transportation Authority



For the Quarter Ended  
September 30, 2014

Prepared by  
FirstSouthwest Asset Management



### Report Name

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- Certification Page
- Executive Summary
- Benchmark Comparison
- Detail of Security Holdings
- Change in Value
- Earned Income
- Investment Transactions
- Amortization and Accretion
- Projected Fixed Income Cash Flows

#### **MARKET RECAP:**

Economic data released during the month of September followed the all too familiar path of the last several months, with one day's seemingly positive data offset by the next day's weaker data. The month opened with a bang as the August ISM manufacturing index surged to a lofty 59.0, the second highest since 2004. That was quickly followed by a strong non-manufacturing ISM, which reached a nine-year high at 59.6. Topping off the good news early in the month were auto sales, which rose 6.4% in August to an annualized 17.45 million unit pace, the highest in 8½ years. The August employment report went in the other direction as just 142k new jobs were created, well below the 230k forecasts were calling for. The unemployment rate ticked down from 6.2% to 6.1%, but the decline was due to a reduction in the labor force as the participation rate slipped back to 62.8%, matching a 35 year low. Average hourly earnings rose 0.2% in August and are up a paltry 2.1% year-over-year. Despite the lack of wage gains, consumers broke out the credit cards and went shopping in August as retail sales rose a respectable 0.6%, the biggest gain in four months, while July's previously unchanged reading was revised up to a gain of 0.3%. The corollary to this story is that consumer debt has reached an all-time high at \$3.2 trillion. Meanwhile, inflation remains subdued with the consumer price index (CPI) increasing 1.7% year-over-year through August while the Fed's preferred PCE measure is running at just 1.5%. Housing data continued the mixed pattern of the last several months. Existing homes sales sank 1.8% in August to a 5.05 million unit annual rate and are down 5.3% on a year-over-year basis. By contrast, new home sales jumped 18% to a 504k annual rate, the highest level since May 2008, though still a low level historically.

The major stock indices reached fresh record highs mid-month, but retreated into quarter-end and fell sharply on the first day of October. Bond yields climbed modestly during the month with the two-year Treasury yield rising from 0.49% to 0.57% and the 10-year from 2.34% to 2.49%. The Federal Reserve stayed on course, trimming QE3 by another \$10 billion to \$15 billion per month. The program should be terminated following the late-October FOMC meeting. A few minor tweaks to their official rate forecast did nothing to alter market expectations for the first rate hike to occur sometime around the middle of 2015. A few of the more dovish Fed members voiced caution, citing a history of tightening too quickly and the recent strength in the dollar as reasons to be patient. The dollar has appreciated sharply in recent months on geopolitical concerns and weakening economies in Europe, Japan, and China. This hurts U.S. exporters as our goods become more expensive abroad. At the same time, imported goods become cheaper for U.S. consumers, making it harder for U.S. producers to compete. The result can be a deflationary headwind to the economy, and just one more thing to worry about.



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**For the Quarter Ended  
September 30, 2014**

This report is prepared for the **Denton County Transportation Authority** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

**Officer Names and Titles:**

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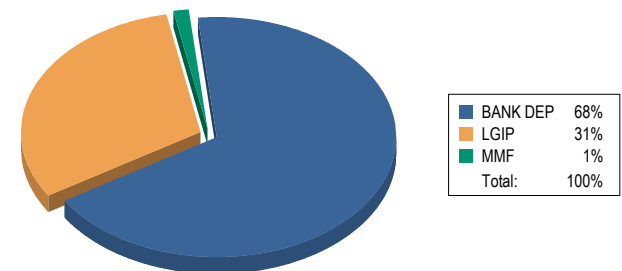
**Account Summary**

**Allocation by Security Type**

Beginning Values as of 06/30/14

Ending Values as of 09/30/14

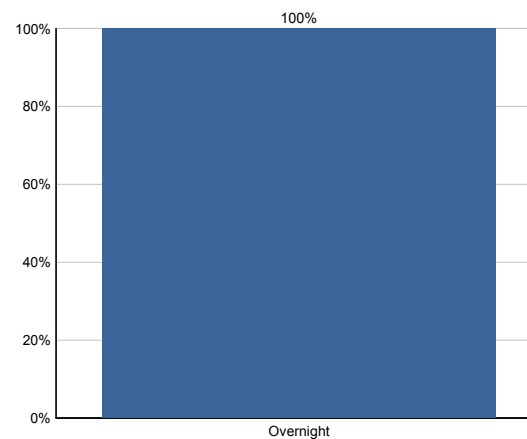
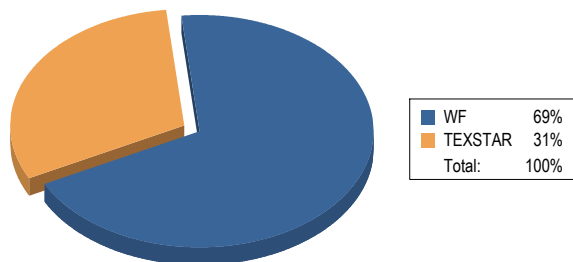
Par Value	19,604,943.12	19,003,065.64
Market Value	19,604,943.12	19,003,065.64
Book Value	19,604,943.12	19,003,065.64
Unrealized Gain / Loss	0.00	0.00
<b>Market Value %</b>	<b>100.00%</b>	<b>100.00%</b>
Weighted Avg. YTW	0.110%	0.103%
Weighted Avg. YTM	0.110%	0.103%



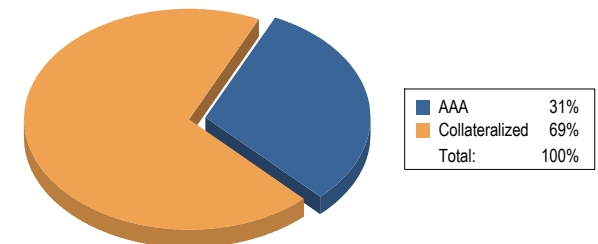
**Allocation by Issuer**

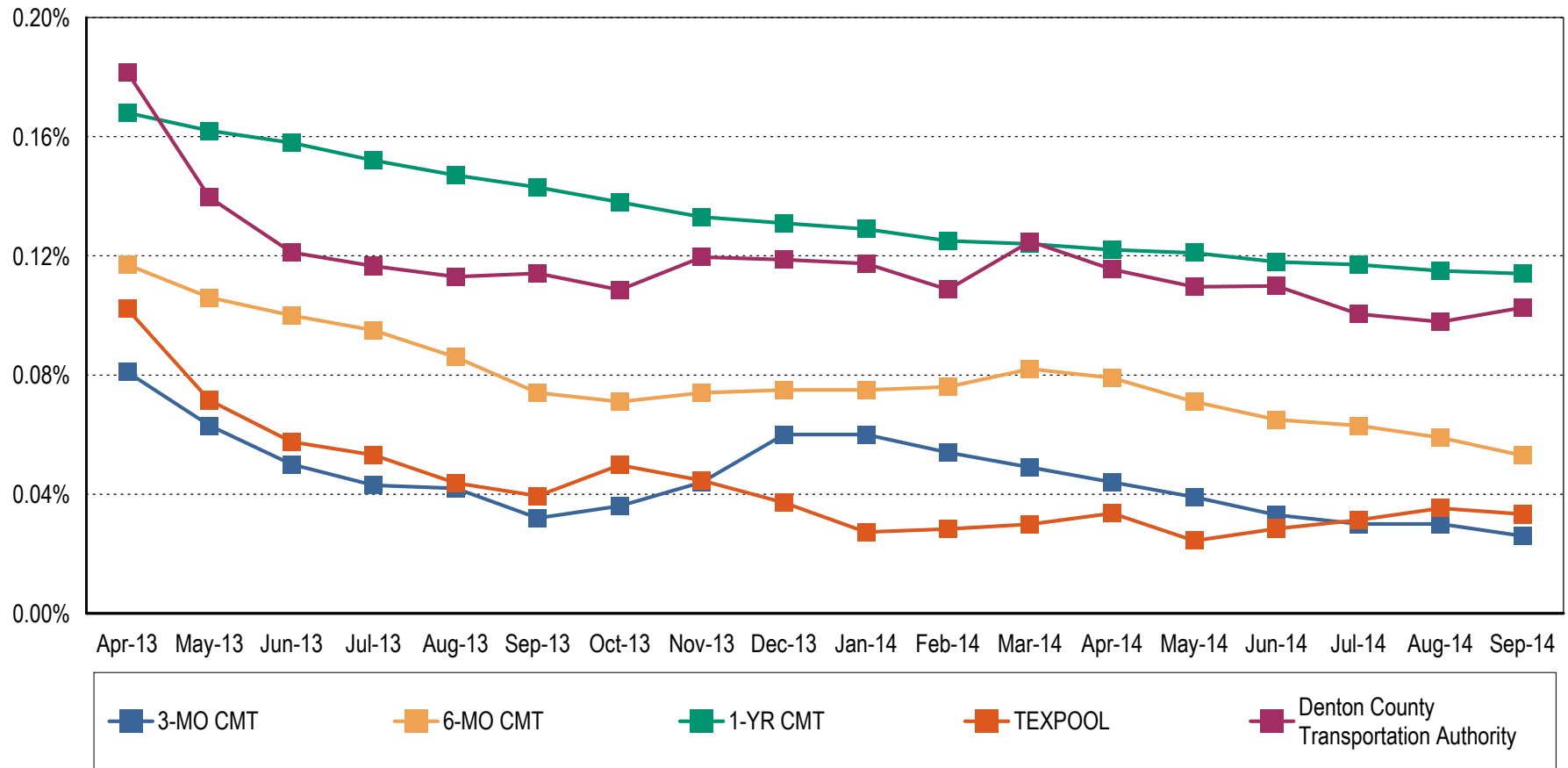
**Maturity Distribution %**

**Credit Quality**



Weighted Average Days to Maturity: 0





**Note 1:** CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

**Note 2:** Benchmark data for TexPool is the monthly average yield.



**Denton County Transportation Authority**  
**Detail of Security Holdings**  
 As of 09/30/2014

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
<b>2011 Bond Fund</b>																	
WF-MANA		BANK DEP	Wells Fargo Managed Rate					3,341,547.43	100.000	3,341,547.43	3,341,547.43	100.000	3,341,547.43	1		0.220	0.220
<b>Total for 2011 Bond Fund</b>								<b>3,341,547.43</b>	<b>100.000</b>	<b>3,341,547.43</b>	<b>3,341,547.43</b>	<b>100.000</b>	<b>3,341,547.43</b>	<b>1</b>		<b>0.220</b>	<b>0.220</b>
<b>Bond Fund</b>																	
TEXSTAR		LGIP	TexSTAR					12,429.30	100.000	12,429.30	12,429.30	100.000	12,429.30	1		0.032	0.032
<b>Total for Bond Fund</b>								<b>12,429.30</b>	<b>100.000</b>	<b>12,429.30</b>	<b>12,429.30</b>	<b>100.000</b>	<b>12,429.30</b>	<b>1</b>		<b>0.032</b>	<b>0.032</b>
<b>Operating Fund</b>																	
WF-MANA		BANK DEP	Wells Fargo Managed Rate					474,467.97	100.000	474,467.97	474,467.97	100.000	474,467.97	1		0.220	0.220
WF-SWEEP		MMF	Wells Fargo Sweep					273,794.97	100.000	273,794.97	273,794.97	100.000	273,794.97	1		0.020	0.020
<b>Total for Operating Fund</b>								<b>748,262.94</b>	<b>100.000</b>	<b>748,262.94</b>	<b>748,262.94</b>	<b>100.000</b>	<b>748,262.94</b>	<b>1</b>		<b>0.147</b>	<b>0.147</b>
<b>Reserve Fund</b>																	
WF-PREM		BANK DEP	Wells Fargo Premium Rate					8,941,300.63	100.000	8,941,300.63	8,941,300.63	100.000	8,941,300.63	1		0.100	0.100
<b>Total for Reserve Fund</b>								<b>8,941,300.63</b>	<b>100.000</b>	<b>8,941,300.63</b>	<b>8,941,300.63</b>	<b>100.000</b>	<b>8,941,300.63</b>	<b>1</b>		<b>0.100</b>	<b>0.100</b>
<b>RTRFI Funding</b>																	
WF-MANA		BANK DEP	Wells Fargo Managed Rate					116,182.85	100.000	116,182.85	116,182.85	100.000	116,182.85	1		0.220	0.220
<b>Total for RTRFI Funding</b>								<b>116,182.85</b>	<b>100.000</b>	<b>116,182.85</b>	<b>116,182.85</b>	<b>100.000</b>	<b>116,182.85</b>	<b>1</b>		<b>0.220</b>	<b>0.220</b>
<b>Sales Tax Fund</b>																	
TEXSTAR		LGIP	TexSTAR					5,843,342.49	100.000	5,843,342.49	5,843,342.49	100.000	5,843,342.49	1		0.032	0.032
<b>Total for Sales Tax Fund</b>								<b>5,843,342.49</b>	<b>100.000</b>	<b>5,843,342.49</b>	<b>5,843,342.49</b>	<b>100.000</b>	<b>5,843,342.49</b>	<b>1</b>		<b>0.032</b>	<b>0.032</b>



**Denton County Transportation Authority**  
**Detail of Security Holdings**  
*As of 09/30/2014*

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	
<b>Total for Denton County Transportation Authority</b>									19,003,065.64	100.000	19,003,065.64	19,003,065.64	100.000	19,003,065.64	1		0.103	0.103



**Denton County Transportation Authority**  
**Change in Value**  
*From 06/30/2014 to 09/30/2014*

CUSIP	Security Type	Security Description	06/30/14 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	09/30/14 Book Value	06/30/14 Market Value	09/30/14 Market Value	Change in Mkt Value
<b>2011 Bond Fund</b>											
WF-MANA	BANK DEP	Wells Fargo Managed Rate	3,336,470.74	5,076.69	0.00	0.00	0.00	3,341,547.43	3,336,470.74	3,341,547.43	5,076.69
<b>Total for 2011 Bond Fund</b>			<b>3,336,470.74</b>	<b>5,076.69</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,341,547.43</b>	<b>3,336,470.74</b>	<b>3,341,547.43</b>	<b>5,076.69</b>
<b>Bond Fund</b>											
TEXSTAR	LGIP	TexSTAR	1,004,137.46	550,079.35	(1,541,787.51)	0.00	0.00	12,429.30	1,004,137.46	12,429.30	(991,708.16)
<b>Total for Bond Fund</b>			<b>1,004,137.46</b>	<b>550,079.35</b>	<b>(1,541,787.51)</b>	<b>0.00</b>	<b>0.00</b>	<b>12,429.30</b>	<b>1,004,137.46</b>	<b>12,429.30</b>	<b>(991,708.16)</b>
<b>Operating Fund</b>											
WF-MANA	BANK DEP	Wells Fargo Managed Rate	1,953,856.67	174.42	(1,479,563.12)	0.00	0.00	474,467.97	1,953,856.67	474,467.97	(1,479,388.70)
WF-SWEEP	MMF	Wells Fargo Sweep	253,959.60	950,278.76	(930,443.39)	0.00	0.00	273,794.97	253,959.60	273,794.97	19,835.37
<b>Total for Operating Fund</b>			<b>2,207,816.27</b>	<b>950,453.18</b>	<b>(2,410,006.51)</b>	<b>0.00</b>	<b>0.00</b>	<b>748,262.94</b>	<b>2,207,816.27</b>	<b>748,262.94</b>	<b>(1,459,553.33)</b>
<b>Reserve Fund</b>											
WF-PREM	BANK DEP	Wells Fargo Premium Rate	7,459,208.34	1,482,092.29	0.00	0.00	0.00	8,941,300.63	7,459,208.34	8,941,300.63	1,482,092.29
<b>Total for Reserve Fund</b>			<b>7,459,208.34</b>	<b>1,482,092.29</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,941,300.63</b>	<b>7,459,208.34</b>	<b>8,941,300.63</b>	<b>1,482,092.29</b>
<b>RTRFI Funding</b>											
WF-MANA	BANK DEP	Wells Fargo Managed Rate	141,579.59	42.71	(25,439.45)	0.00	0.00	116,182.85	141,579.59	116,182.85	(25,396.74)
<b>Total for RTRFI Funding</b>			<b>141,579.59</b>	<b>42.71</b>	<b>(25,439.45)</b>	<b>0.00</b>	<b>0.00</b>	<b>116,182.85</b>	<b>141,579.59</b>	<b>116,182.85</b>	<b>(25,396.74)</b>
<b>RTRFI Interest</b>											
TEXSTAR	LGIP	TexSTAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total for RTRFI Interest</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>



**Denton County Transportation Authority**  
**Change in Value**  
 From 06/30/2014 to 09/30/2014

CUSIP	Security Type	Security Description	06/30/14 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	09/30/14 Book Value	06/30/14 Market Value	09/30/14 Market Value	Change in Mkt Value
<b>Sales Tax Fund</b>											
TEXSTAR	LGIP	TexSTAR	5,455,730.72	1,611,427.10	(1,223,815.33)	0.00	0.00	5,843,342.49	5,455,730.72	5,843,342.49	387,611.77
<b>Total for Sales Tax Fund</b>			<b>5,455,730.72</b>	<b>1,611,427.10</b>	<b>(1,223,815.33)</b>	<b>0.00</b>	<b>0.00</b>	<b>5,843,342.49</b>	<b>5,455,730.72</b>	<b>5,843,342.49</b>	<b>387,611.77</b>
<b>Total for Denton County Transportation Authority</b>			<b>19,604,943.12</b>	<b>4,599,171.32</b>	<b>(5,201,048.80)</b>	<b>0.00</b>	<b>0.00</b>	<b>19,003,065.64</b>	<b>19,604,943.12</b>	<b>19,003,065.64</b>	<b>(601,877.48)</b>





Denton County Transportation Authority

**Earned Income**

From 06/30/2014 to 09/30/2014

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
<b>2011 Bond Fund</b>									
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	1,713.11	1,713.11	0.00	0.00	0.00	1,713.11
<b>Total for 2011 Bond Fund</b>			<b>0.00</b>	<b>1,713.11</b>	<b>1,713.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,713.11</b>
<b>Bond Fund</b>									
TEXSTAR	LGIP	TexSTAR	0.00	92.84	92.84	0.00	0.00	0.00	92.84
<b>Total for Bond Fund</b>			<b>0.00</b>	<b>92.84</b>	<b>92.84</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>92.84</b>
<b>Operating Fund</b>									
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	458.30	458.30	0.00	0.00	0.00	458.30
WF-SWEEP	MMF	Wells Fargo Sweep	0.00	21.72	21.72	0.00	0.00	0.00	21.72
<b>Total for Operating Fund</b>			<b>0.00</b>	<b>480.02</b>	<b>480.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>480.02</b>
<b>Reserve Fund</b>									
WF-PREM	BANK DEP	Wells Fargo Premium Rate	0.00	2,245.29	2,245.29	0.00	0.00	0.00	2,245.29
<b>Total for Reserve Fund</b>			<b>0.00</b>	<b>2,245.29</b>	<b>2,245.29</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,245.29</b>
<b>RTRFI Funding</b>									
WF-MANA	BANK DEP	Wells Fargo Managed Rate	0.00	63.28	63.28	0.00	0.00	0.00	63.28
<b>Total for RTRFI Funding</b>			<b>0.00</b>	<b>63.28</b>	<b>63.28</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>63.28</b>
<b>RTRFI Interest</b>									
<b>Total for RTRFI Interest</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>



Denton County Transportation Authority

**Earned Income**

From 06/30/2014 to 09/30/2014

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
<b>Sales Tax Fund</b>									
TEXSTAR	LGIP	TexSTAR	0.00	472.38	472.38	0.00	0.00	0.00	472.38
<b>Total for Sales Tax Fund</b>			<b>0.00</b>	<b>472.38</b>	<b>472.38</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>472.38</b>
<b>Total for Denton County Transportation Authority</b>			<b>0.00</b>	<b>5,066.92</b>	<b>5,066.92</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5,066.92</b>



## Board of Directors Memo

October 23, 2014

### Subject: Work Session 1a (vi) Investment Policy Annual Review

#### Background

It is the policy of the Denton County Transportation Authority (DCTA) that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds. While DCTA staff strives to maximize the yield on our investments, increasing the market yield-to-maturity is secondary to the requirements for safety and liquidity.

It is the intent of DCTA to be in compliance with state and federal law. The Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act") governs investment of public funds at the state level. The Act requires that the Board of Directors review and adopt the Investment Policy annually.

The last adoption by the Board of the DCTA Investment Policy was on September 26, 2013. DCTA contracts with First Southwest Asset Management, Inc ("FSAM") for investment advisory services. The policy has been reviewed by FSAM to ensure that all the necessary language as required by the Act is present in the written DCTA Investment Policy document. There are no changes recommended this year. Included for your reference is the letter from FSAM confirming their review of the investment policy.

In connection with investment transactions conducted between FSAM and DCTA, FSAM has provided as required under the Act a certification that they have reviewed the entity's investment policy and have implemented procedures to preclude unauthorized transactions. In addition, FSAM has provided to DCTA a copy of its current SEC Form ADV Part II, as required by Securities and Exchange Commission Regulation Section 275.204-3. These documents as well as the current FSAM approved broker/dealer list are available in the DCTA Finance Department.

#### Identified Need

This action is required to fulfill the legal requirements for an annual review and approval of the Investment Policy.

#### Committee Review

This item was discussed at the October 20, 2014 Finance Committee meeting.

#### Recommendation

Staff recommends approval of Resolution 14-07 Adopting Investment Policy. DCTA Investment Policy is included as an attachment to this memo.

Submitted by:

Anna Mosqueda, CFO

Approval:

James C. Cline, Jr., P.E., President



300 W. 6th Street  
Suite 1940  
Austin, Texas 78701

512-481-2009 Direct  
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**Scott McIntyre**  
Senior Vice President

scott.mcintyre@firstsw.com

## **POLICY REVIEW**

October 10, 2014

Ms. Anna Mosqueda  
Chief Financial Officer  
Denton County Transportation Authority  
1660 South Stemmons, Suite 250  
Lewisville, TX 75067

Dear Anna:

As requested, FirstSouthwest Asset Management, Inc. has performed a review of the Denton County Transportation Authority (“DCTA”) written investment policy to determine compliance with the Texas Public Funds Investment Act (the “Act”), Texas Government Code, Chapter 2256. Our review was limited in scope, with the primary purpose being to evaluate conformity with the Act. We did not seek to ensure that all funds and procedures are addressed in the policy, nor have we reviewed compliance with the policy or internal controls of DCTA. Based upon our review, we have reached the following conclusion:

The Texas Legislature did not meet in 2014, so there have been no amendments to the Act. All previously written requirements of the Act are included within the current policy. As a result, we do not recommend any changes to the Denton County Transportation Authority investment policy this year.

If you have any questions regarding this policy, please contact me at 1-800-575-3792 or directly at (512) 481-2009.

Sincerely yours,

Scott McIntyre, CFA  
Senior Vice President

Cc: Ms. Marisa Perry

**DENTON COUNTY TRANSPORTATION AUTHORITY  
RESOLUTION NO. 14-07**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT "A"; APPOINTING THE INVESTMENT OFFICERS AND AUTHORIZING INVESTMENT TRANSACTIONS ON BEHALF OF THE DCTA; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, it is the policy of the DCTA that the administration of its funds and the investment of those funds shall be handled as its highest public interest; and

**WHEREAS**, investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the DCTA and conforming to all applicable state statutes governing the investment of public funds; and

**WHEREAS**, in accordance with the Public Funds Investment Act, Chapter 2256, TEXAS GOVERNMENT CODE, the Board of Directors by resolution adopted an investment policy; and

**WHEREAS**, Section 2256.005, Tex. Government Code requires the Board of Directors to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and recording any changes made to either the investment policies or investment strategies.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THAT:**

**SECTION 1.** The DCTA Investment Policy attached hereto as Exhibit "A" be and the same is hereby adopted and shall govern the investment policies and investment strategies for the DCTA, and shall define the authority of the investment officials of the DCTA from and after the effective date of this resolution.

**SECTION 2.** The Board of Directors of the DCTA has completed its review of the investment policies and investment strategies and any changes made to either the investment policies or investment strategies are recorded in Exhibit "A" hereto.

**SECTION 3.** The DCTA Chief Financial Officer, Anna Mosqueda, is hereby designated the Investment Officer, and DCTA President, Jim Cline, is designated as the alternate investment officer.

**SECTION 4.** The Investment Officer and Alternate Investment Officer are hereby authorized to engage in investment transactions on behalf of DCTA.

**SECTION 5.** The Investment Officers authorized by this resolution shall also be authorized to approve wire transfers and other funds transfer methods used in the process of investing.

**SECTION 6.** The Investment Officers shall designate a liaison/deputy in writing in the event circumstances require timely action and the Investment Officers are unavailable.

**SECTION 7.** That all provisions of the resolutions of the Board of Directors of the DCTA in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

**SECTION 8.** This resolution shall become effective immediately upon its passage and approval.

**DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE \_\_\_ DAY OF OCTOBER, 2014.**

**APPROVED:**

---

Charles Emery, Chairman

**ATTEST:**

---

Richard Huckaby, Secretary

**APPROVED AS TO FORM:**

---

Peter G. Smith, General Counsel  
(PGS:9-20-13:TM 62476)

# EXHIBIT "A"

## DENTON COUNTY TRANSPORTATION AUTHORITY INVESTMENT POLICY

### I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy is that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, Board Policy, and the management of banking services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to be in complete compliance with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). Investment earnings will be used in a manner that best serves the interests of DCTA.

### II. SCOPE

This investment policy applies to all the financial assets and funds of DCTA. However, this policy does not apply to the assets administered for the benefit of DCTA by outside agencies under deferred compensation programs.

DCTA may commingle its funds into one pooled investment fund for investment purposes for efficiency, and maximum investment opportunity.

### III. OBJECTIVES AND STRATEGY

DCTA's policy is that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety of principal, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit, and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To best meet anticipated cash flow requirements, the weighted average maturity (WAM) of the overall portfolio may not exceed 18 months.

#### Safety of Principal

Safety of principal is the foremost objective of DCTA. Investments of DCTA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years or no further than expected project cashflow forecasts, limiting investment types to those specifically authorized by this policy, diversifying investments, and monitoring credit ratings on selected investment types.

## EXHIBIT "A"

### Liquidity

DCTA's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in investments that offer same-day liquidity for unanticipated cash demands. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

### Diversification

The portfolio will be diversified by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding, as defined herein, will be used on each sale and purchase.

### Yield

DCTA's investment portfolio shall be designed with the objective of attaining a market yield-to-maturity taking into account DCTA's risk constraints and the cash flow needs of the portfolio. "Market yield-to-maturity" may be defined as the rolling average yield of the current six-month Constant Maturity Treasury (CMT).

DCTA has selected the weighted-average yield-to-maturity as its preferred measure of investment performance. The weighted-average yield-to-maturity shall be calculated on a monthly basis by multiplying each individual security's yield-to-maturity at time of purchase by its book value, totaling the product of these calculations, and dividing by the total book value of the portfolio.

## **IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY**

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits. All investments will be made in accordance with these statutes.

## **V. DELEGATION OF INVESTMENT AUTHORITY**

The Chief Financial Officer acting on behalf of DCTA is designated as the Investment Officer and the President of DCTA is designated as the Alternate Investment Officer of DCTA. The Investment Officer is responsible for investment management decisions and activities. The Investment Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include Master Repurchase Agreements (as applicable), wire transfer agreements, banking services contracts and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall regulate the activities of subordinate officials and staff. The Investment Officer shall designate in writing a



## **EXHIBIT "A"**

staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer and Alternate Investment Officer are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

### Authorization Resolution

A Trading Resolution is established with this investment policy and attached hereto authorizing the Investment Officer to engage in investment transactions on behalf of DCTA. The persons authorized by the Trading Resolution to transact business for DCTA are also authorized to approve wire transfers used in the process of investing.

## **VI. PRUDENCE**

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states that:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

### Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate actions are taken to control adverse market effects.

## **VII. INTERNAL CONTROLS**

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of DCTA. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees of the DCTA.

### Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of DCTA. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

## **VIII. AUTHORIZED INVESTMENTS**

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

A. Obligations of the United States Government, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), agencies and instrumentalities and government sponsored enterprises, excluding collateralized

## EXHIBIT "A"

mortgage obligations (CMO's), not to exceed two years to stated maturity with the exception of project funds which may be invested in longer maturities but not to exceed forecasted expenditure dates;

B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed two years to stated maturity. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD insured by the Federal Deposit Insurance Corporation (FDIC) may be purchased through a broker that has its main office in Texas and is selected from a list adopted by the DCTA board or a selected depository institution with its main office or branch office in Texas. This broker or depository shall act as the custodian for the various certificates on behalf of DCTA.

C. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flexible repurchase agreements used specifically for capital projects may extend beyond the 180 day stated limitation, but shall not exceed the expenditure plan of the projects;

D. No-load SEC-registered money market funds, each approved specifically before use by DCTA;

E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and,

If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by DCTA until this policy has been amended and the amended version approved by the DCTA Board.

### Competitive Bidding Requirements

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that DCTA is receiving fair market value/price for the investment.

### Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by DCTA, shall be conducted on a delivery versus payment (DVP) basis.

## **IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

All investments made by DCTA will be made through either DCTA's banking services bank or a primary dealer. DCTA will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- A. provision of an audited financial statement each year,
- B. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number,

## EXHIBIT "A"

- C. proof of current registration with the State Securities Commission, and
- D. Completion of a DCTA questionnaire.

Every broker/dealer and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to DCTA.

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy, and without any discretionary authority to transact business on behalf of DCTA.

If DCTA has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of DCTA. The advisor shall recommend broker selection criteria to the DCTA Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to the DCTA for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities. The advisor shall obtain and document competitive bids and offers on all transactions and present these to DCTA as part of its trade documentation.

### X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is DCTA's policy to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 75%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	50%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements.

## EXHIBIT "A"

Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period of greater than two (2) years.

### **XI. SAFEKEEPING AND COLLATERALIZATION**

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery-versus-payment (DVP) basis and be held in safekeeping by either DCTA, an independent third party financial institution, or DCTA's designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to DCTA listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for DCTA or pledged to DCTA.

All securities pledged to DCTA for certificates of deposit or demand deposits shall be held by an independent third-party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

#### Collateralization

Collateralization is required on time and demand deposits over the FDIC insurance coverage of \$250,000, and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

### **XII. PERFORMANCE EVALUATION AND REPORTING**

A comprehensive quarterly investment report shall be prepared by the Investment Officer or Investment Advisor within ten (10) days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by the Texas Public Funds Investment Act, the report will:

- A. describe in detail the investment position of DCTA on the date of the report;
- B. be signed by the Investment Officer
- C. contain a summary statement that states:
  - a. beginning book and market value for the reporting period;
  - b. ending book and market value for the period; and
  - c. fully accrued interest for the reporting period;
- D. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the account or fund for which each investment security was purchased;
- G. compare the portfolio's performance to other benchmarks of performance; and
- H. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy, and the Public Funds Investment Act.

## **EXHIBIT "A"**

### **XIII. DEPOSITORIES**

DCTA will designate one banking institution through a competitive process as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which DCTA may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to DCTA.

### **XIV. TRAINING REQUIREMENT**

The DCTA Investment Officer shall attend at least one investment training session within twelve months of taking office or assuming duties, and not less often than once in a two-year period that begins on the first day of the fiscal year and consists of the two consecutive years after that date, and shall receive not less than ten hours of instruction relating to investment responsibilities. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment I for a list of Board approved independent investment training sources. Contingent upon Board approval, additional "independent sources" from which investment training may be obtained shall include a professional organization, an institute of higher learning, or any sponsor other than a business organization with whom DCTA may engage in an investment transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

### **XV. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of DCTA.

An Investment Officer of DCTA who has a personal business relationship with an organization seeking to sell an investment to DCTA shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to DCTA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the DCTA Board of Directors.

### **XVI. SUBJECT TO AUDIT**

A formal annual review of the investment reports will be performed by an independent auditor with the results reported to the Board. All collateral shall be subject to inspection and audit by the DCTA Treasurer or DCTA's independent auditors.

### **XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD**

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board or a designated Committee of the

## EXHIBIT "A"

Board. A written resolution approving that review, and changes to the policy from the review, will be passed and recorded by the Board.

Previous Action:

Adopted September 26, 2013

# EXHIBIT "A"

## Attachment 1

### Board Approved Independent Investment Training Sources

1. Texas Municipal League (TML)
2. Government Finance Officers Association (GFOA)
3. Government Finance Officers Association of Texas (GFOAT)
4. North Central Texas Council of Governments
5. Texas Higher Education Coordinating Board



**Board of Directors Memo**

**October 23, 2014**

**Item: 1(b) Communications and Marketing Update**

**Marketing & Communications Initiatives**

- |  |   |
|--|---|
| 35Express Construction Campaign                | DDTC PowerPoint & Kiosks Rebranding               |
| Where's My Ride Campaign Development           | Holiday Service Schedule Planning                 |
| Community Events Calendar Coordination         | Veteran's Day Promotion                           |
| Agency Rebranding Development & Implementation | Passenger Information Development                 |
| 2014 Mean Green Game Day Shuttle Partnership   | GORequest Rebranding                              |
| Agency Fact Sheets Development                 | Citizen's Advisory Team Meetings                  |
| EnRoute News Implementation                    | Why I Ride DCTA Social Media Campaign Development |
| EnRoute News Scavenger Hunt Contest Promotion  | Messaging Map Development & Implementation        |
| Lewisville Holiday Stroll Partnership          | State Fair of Texas Campaign Implementation       |
| Denton Holiday Lighting Festival Partnership   | A-train Magazine Planning & Development           |

**Regional Initiatives**

- |   |                                     |
|---|-------------------------------------|
| NCTCOG Air North Texas                          | NCTCOG Casual Carpool App           |
| NCTCOG Regional Transit Survey                  | GoPass Mobile Application Promotion |
| Veteran's Transp. & Community Living Initiative | State Fair of Texas Promotion       |

**Recent Events**

- |            |   |                  |
|------------|---|------------------|
| 26-27 Sept | Lewisville Western Days Festival                        | 25,000 attendees |
| 07-Oct     | Lewisville Citizen's Advisory Team Meeting              | 3 attendees      |
| 09-Oct     | TWU Commuter Services Luncheon                          | 400 attendees    |
| 16-Oct     | Denton Citizen's Advisory Team Meeting                  | 8 attendees      |
| 18-Oct     | Mean Green Game Day: North Texas Game vs. Southern Miss | attendees        |

**Upcoming Events**

- |        |   |
|--------|---|
| 25-Oct | Lewisville Spooktacular Trails & Glow Run 5K                    |
| 8-Nov  | Mean Green Game Day: North Texas Game vs. Florida Atlantic      |
| 11-Nov | Veteran's Day Promotion   |
| 22-Nov | Mean Green Game Day: North Texas Game vs. Florida International |

**General DCTA Related Media**

Articles Mentioning DCTA	41	Month Total Ad Value	\$17,331
Web Reach Per Million	3,092	YTD Total Ad Value	\$248,151
YTD Web Reach Per Million	464,062		

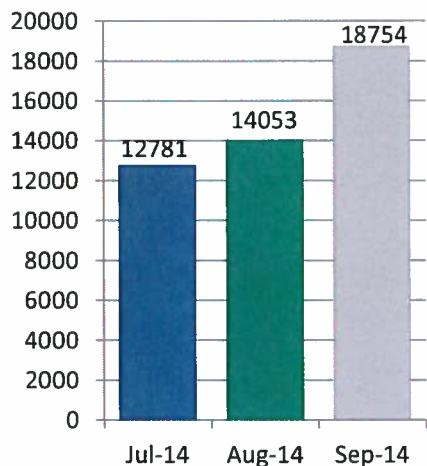
**Topic Highlights**

- A-train good idea for State Fair visit
- DCTA announces new VP of strategic planning and development
- DCTA budget passes muster
- DCTA seeks help to test new app
- DCTA to offer service for Texas/OU game
- DCTA to provide free shuttle service for Western Days Festival

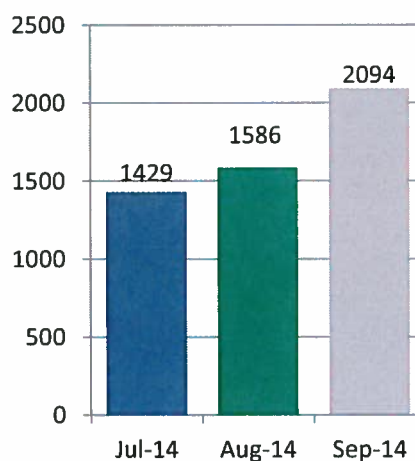


### GoPass Application

**New Downloads**



**DCTA Tickets Sold**



### DCTA Marketing Web Statistics

**RideDCTA.net**

	July	August	September	1st Quarter FY2014	2nd Quarter FY2014	3rd Quarter FY2014	4th Quarter FY2014	% Change from Last Quarter
Visitors	14,217	22,172	22,372	56,995	50,193	45,142	58,761	30.17%
Visits	27,109	40,766	42,643	102,267	96,741	87,079	110,518	26.92%
New Visits	42.02%	45.57%	42.95%	43.90%	40.01%	40.54%	45.46%	12.15%
Avg. Time on Site	3:27	3:44	3:25	3:01	3:30	3:16	3:04	-6.44%

**Top Page Views**

Homepage
Connect Routes & Schedules
A-train Routes & Schedules
Routes & Schedules
A-train Route Map

**Traffic Sources Overview**

	July	August	September
Search Engines	18,551	26,235	27,716
Direct Traffic	6,436	8,856	9,375
Referring Sites	2,002	3,616	4,142
Social	120	2,059*	1,410*

**Top Traffic Sources**

Google
Direct
Bing
Yahoo
Facebook*

- \* August Service Changes Facebook and Twitter promotion (172 clicks bit.ly analytics)
- \* UNT Mean Green Game Day Campaign Facebook and Twitter promotion (514 clicks bit.ly analytics)
- \* Lewisville Western Days Facebook and Twitter promotion (34 clicks bit.ly analytics)
- \* State Fair Facebook and Twitter promotion (ongoing)

ridedcta.wordpress.com					
	1st Quarter FY2014	2nd Quarter FY2014	3rd Quarter FY2014	4th Quarter FY2014	% Change from Last Quarter
Visitors	67	430	276	246	-10.87%

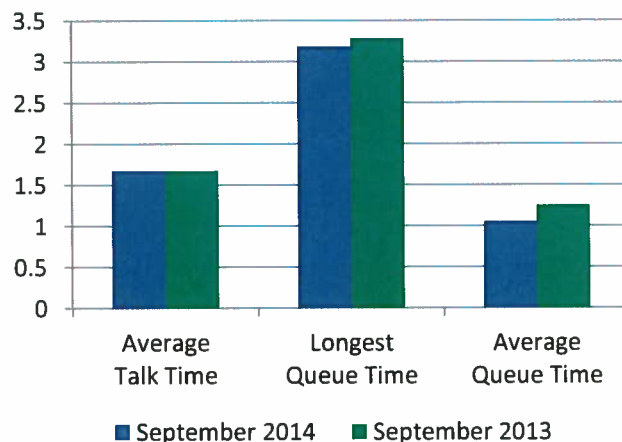
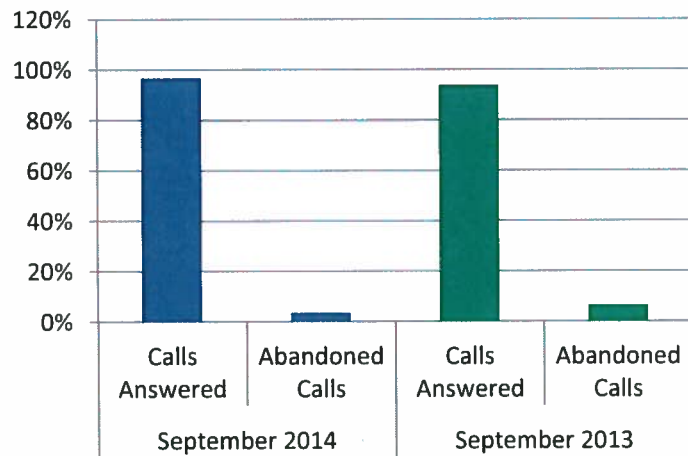
facebook.com/RideDCTA								
	July	August	September	1st Quarter FY2014	2nd Quarter FY2014	3rd Quarter FY2014	4th Quarter FY2014	% Change from Last Quarter
People Talking About This	317	1239	1733	485	2,168	1,120	3,289	66%
Lifetime Total Likes	3898	4431	4753	2,203	1,879	1,957	4,753	59%
New Likes	31	596	355	168	1,747	130	982	87%
Unlikes	8	58	36	16	156	21	102	79%
Page Engaged Users	986	2321	4632	1,486	4,236	2,530	7,939	68%
Total Reach	16104	126175	280031	27,158	146,498	39,553	422,310	91%
Total Impressions	36490	377656	772933	76,256	240,720	104,523	1,187,079	91%

### Call Center Statistics

In September, DCTA's call center received 5,535 calls compared to the 5,809 calls that were recorded in the month of August. This is a 5% decrease in call volume from the previous month. 5,348 of the calls recorded in September were answered and 187 were abandoned.

The target for answered calls is 90%. With a 97% rate of calls answered, this target was met this month.

DCTA's target talk time is three minutes. The longest queue time that we would like to see is three minutes. The ideal average queue time is 90 seconds.



## GoRequest Statistics

DCTA had a total of 76 submissions into GoRequest during the month of September. This is a 7% increase from the month of August.

A-train Gates / Signals	1
Accident / Safety / Security	2
Customer Service Information	11
Driver Conduct	14
Driving Skills	2
On Time Performance	13
Other	4
Rail Safety	1
Route and Schedule Information	17
Service Request	2
Stations / Shelters / Bus Stops	4
UNT Shuttle	5

### Types of Submittals Breakout

Complaint	54
Compliment	1
Problem	0
Question	12
Suggestion	9

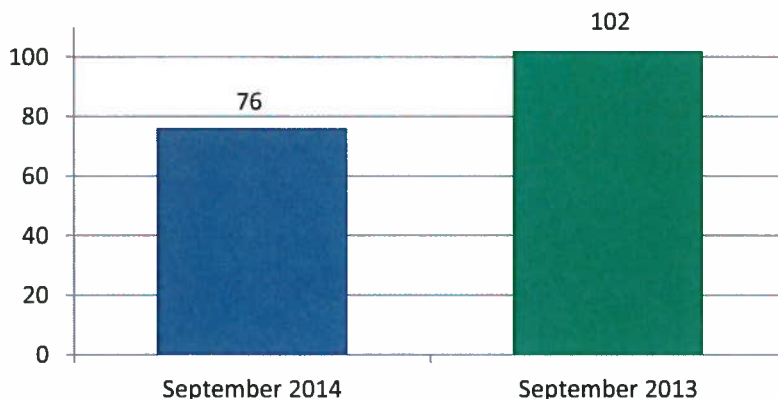
### Complaints Per 10,000 Passengers

1.31	Complaints/10,000 Passengers
1.85	Total Requests / 10,000 Passengers

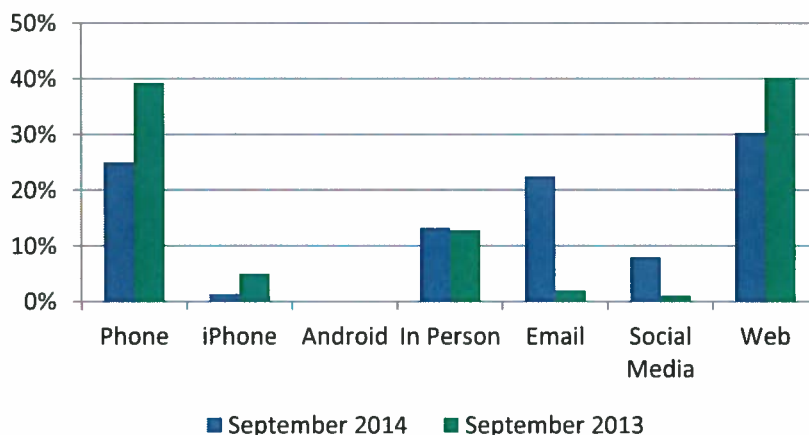
### Complaint Topic Breakout

A-train Gates / Signals	1
Accident / Safety / Security	2
Customer Service Information	7
Driver Conduct	14
Driving Skills	2
On Time Performance	12
Other	2
Rail Safety	1
Route and Schedule Information	7
Service Request	1
Stations / Shelters / Bus Stops	1
UNT Shuttle	4

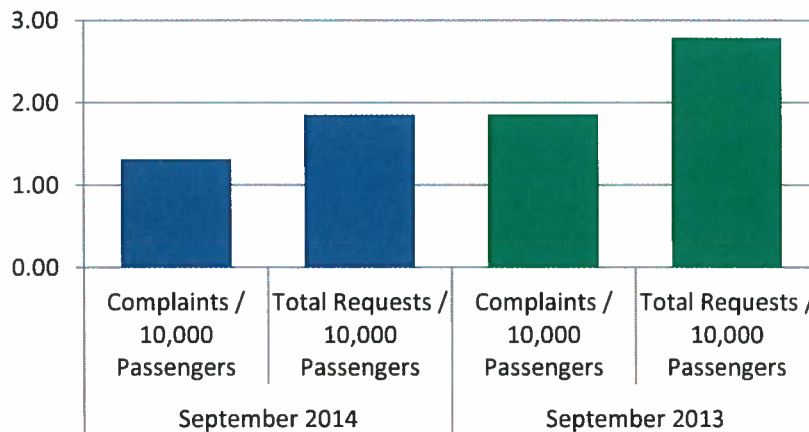
### Number of Opened Requests



### How Requests Are Reported



### Requests Per 10,000 Passengers

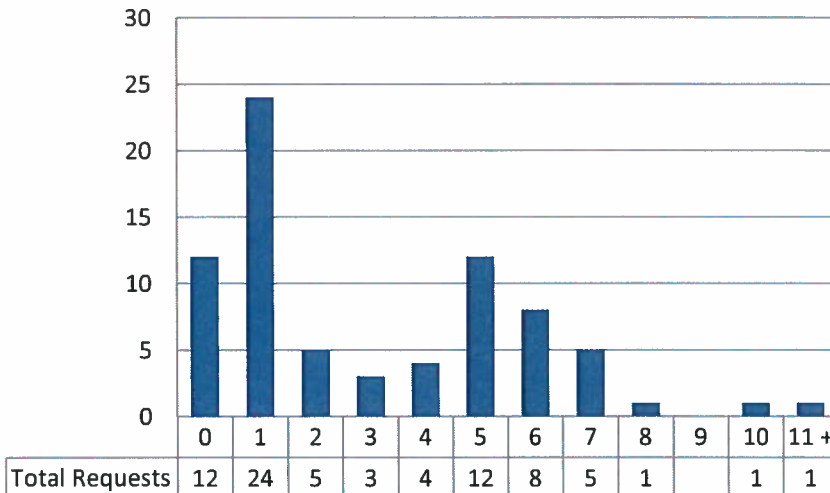


DCTA has a goal to close all requests within seven days. Ten days is the maximum number of days a request is allowed to remain unresolved.

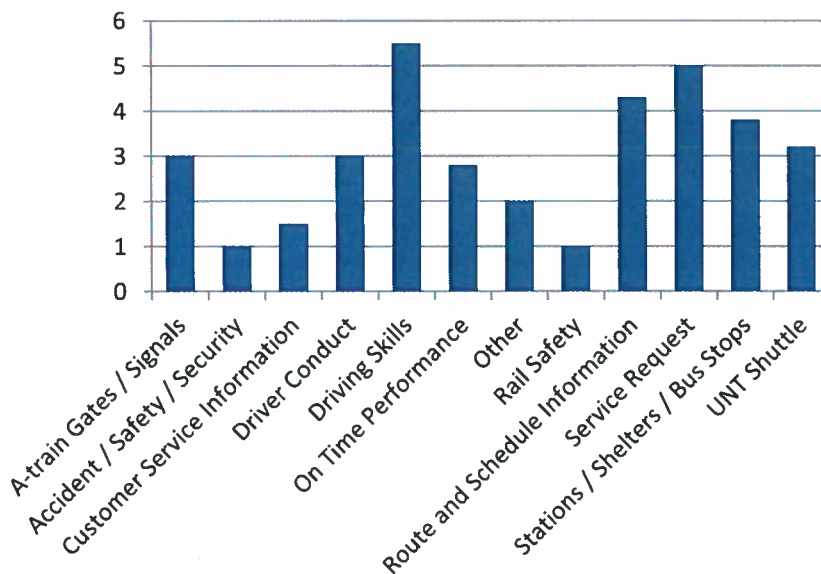
In this reporting period it took, on average, 3.12 days to close out a request.

During this reporting period, there was one request that was open longer than the allotted 10 days. Staff made several attempts to contact the passenger who filed the complaint and the request remained open until staff successfully contacted the passenger. The incident was addressed with the operator prior to the deadline, however we wanted to make sure to offer adequate feedback to the passenger.

### Number of Days to Close a Request



### Average Number of Days to Close a Request



Submitted by: *Rusty Comer*  
 Rusty Comer, Marketing Coordinator

Approved by: *Kristina Brevard*  
 Kristina Brevard, Vice President,  
 Strategic Planning & Development

## Board of Directors Memo

October 23, 2014

### Item: 1(c) Capital Projects Update

#### **GTW Implementation**

Phase 2 of testing is tentatively scheduled for January. Track circuit modification will be implemented on the 8 miles of track from North Lake to South Med. Herzog continues to monitor shunt levels and results have been positive. An efficient scrubber truck will be delivered at the end of the month to help shunting levels remain consistent.

DCTA discussed with the FRA our desire to begin single car testing. The FRA will work with DCTA to define success criteria and timeframe for the test which is unknown at this time.

#### **Where's My Ride**

Two new power supplies have been installed and have been in operation for two weeks. SMI Will remanufacture the remaining power supplies and reinstalled in the remaining GTWs in November.

Electronic fareboxes on Connect buses have been installed and are in service. Training is scheduled for October 20<sup>th</sup>.

Training is being scheduled in October for all user types on the Where's My Ride system. This will include dispatchers and administrative personnel.

Where's My Ride beta testing began October 1<sup>st</sup> and includes the IVR, text, and web portal. Testing is expected to end in November.

#### **Bus Operations and Maintenance Facility**

Contract close-out is in progress. All punch list items are complete. We are waiting for the full and final release of lien from the contractor.

#### **Community Enhancements**

The mow strip and chain link fence are complete and the decorative fence installation is in progress. The decorative rock columns are also nearing completion and the trees are scheduled for delivery the third week of October. The contractor expects to be substantially complete by the end of October with paving modifications and historical markers remaining.

#### **Lewisville Hike/Bike Trail**

TxDOT concurrence of the contract award was received on October 9<sup>th</sup>. Staff is completing the contract documents. We anticipate a pre-construction meeting in early November with notice to proceed and construction start in early December.

#### **Positive Train Control (PTC)**

The evaluation process is continuing for the IETMS. DART purchasing staff is conducting discussions with two bidders. Staff continues to work on the PTC 220 lease documents and the Interlocal Agreement.

DCTA management is exploring ACSES as an alternative. A meeting was held with regional FRA staff. They are aware and supportive of DCTA exploring this option. Management met with industry providers of ACSES at the APTA annual conference and is working on

development of an RFP. The RFP will be issued in November with responses expected in mid-January.

#### **Highland Village/Lewisville Lake Recreational Parking**

The light fixtures have been delivered. We are waiting on an electrical easement from the Corps of Engineers via the City of Lewisville in order to have the meter set. The parking lot is open and in use with DCTA security service assisting passengers after dark Monday through Saturday.

#### **Bus Radios**

The radios are on order and we received the statement of work from HTSI. We anticipate delivery of the radios and installation in November.

#### **Rail Maintenance of Equipment**

The first removal and replacement with the spare brake system was completed during the week of June 16<sup>th</sup>. The first brake system was shipped to Europe for Clean, Oil, Test, & Stencil (COT&S) in mid-July. The second removal and replacement will be conducted in December.

#### **Rail Maintenance Facility Drainage**

A notice to proceed was issued to HNTB to complete the survey and initial property assessment to establish site conditions and to determine if the project impacts any wetlands in the area. A meeting is being scheduled with the USACE to discuss the project to ensure we are communicating intent and to provide initial assessment results. The intent is to engage the USACE early in the processes and to collaborate should there be a need to apply for a 404 permit.

Approved by:   
Raymond Suarez, Chief Operating Officer

## Board of Directors Memo

October 23, 2014

### Item: 1(d) Transit Operations Report

#### RIDERSHIP

- DCTA carried 411,023 passengers system wide (rail and bus) in the month of September. Ridership increased 12% compared to last September. This is credited to Western Days, UNT game day, and State Fair of Texas special services.
- The A-train carried 56,648 passengers during the month of September. This reflects an overall increase in ridership of 15% for the month of September 2014, when compared to September 2013.
- A-train Saturday ridership in September increased 33%.
- DCTA's bus system carried 354,375 passengers in September which is an 11% increase from September 2013.
- Connect ridership increased 3.9% when compared to last September.
- NCTC ridership increased 7% in September 2014 compared to September 2013.
- Ridership on Connect RSVP decreased by 39% (or 126 boardings) in September 2014 relative to that same period in 2013. Connect RSVP will be reviewed as part of the comprehensive bus system analysis in 2015.
- Access boardings in September increased 18% in comparison to the previous year.
- UNT Shuttle ridership increased 13% in September 2014 as compared to September 2013.
- While ridership in Q4 of FY 14 increased as compared to FY 13, total FY 14 ridership of 2.8 million is 16% less than budgeted ridership of 3.4 million.

#### SYSTEM ON-TIME PERFORMANCE

- A-train: September "On Time Performance" was 99.85%
- Connect: September "On Time Performance" is under reported at 53% due to the transition to the Where's My Ride system and significant road construction and special events around the DDTC which added to reporting inaccuracies. The system relies on accurate timetable and schedule adherence. Route deviations were necessary on a daily basis as compared to the normal route timetables in the WMR database due to road construction. It is anticipated that on time reporting will continue to be under reported in the month of October due to on going construction.

#### SAFETY/SECURITY

- DCTA Rail Operations Injury-Free Workdays: 880
- DCTA Bus Operations Injury-Free Workdays: 67
- Vehicles were stuck on the tracks on the following days: September 3<sup>rd</sup> at Eagle Point Road, September 8<sup>th</sup> and 13<sup>th</sup> at Lake Park Road, and September 30<sup>th</sup> at N. Mill Street. All vehicles were removed and normal operations resumed.


#### PLANNING AND CUSTOMER SERVICE

- Hickory Street construction has caused a reroute of several bus routes in Denton.
- Construction on Highland Street has continued to impact bus routes resulting in customer complaints. DCTA is working with to manage the re-routing during construction and communicate detours to minimize disruption to the customer.
- Highland street road construction is planned on the UNT campus which will cause major route changes between October, 2015 and February, 2015. DCTA is coordinating with UNT to address the route changes and communication plan for bus operators, students and faculty.

#### MAINTENANCE

- **Right of Way:** Routine daily inspections are being performed by the contractor.
- **Signal/Communications:** There were no signal issues in September.
- **Stations:** Weekly safety inspections are being conducted with no major findings.
- **Rail Mechanical:** DCTA contract operations (HTSI) reported no mechanical issues in September.

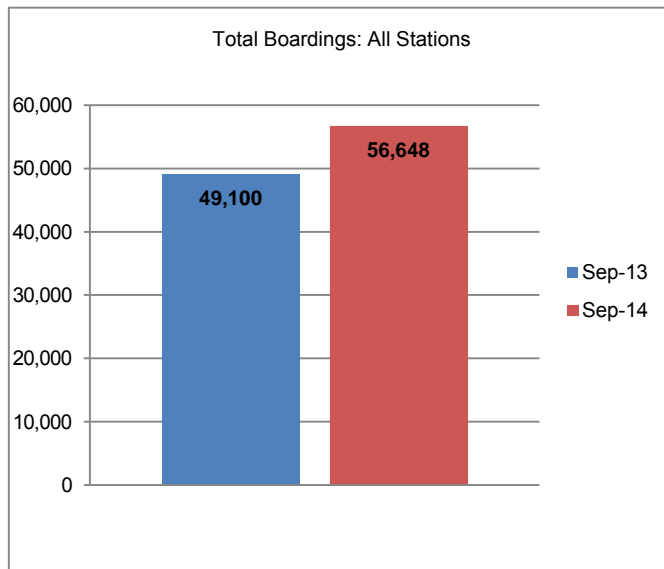
Approved By:   
Raymond Suarez, Chief Operating Officer

Approved By:   
Jim Cline, President

## All Stations

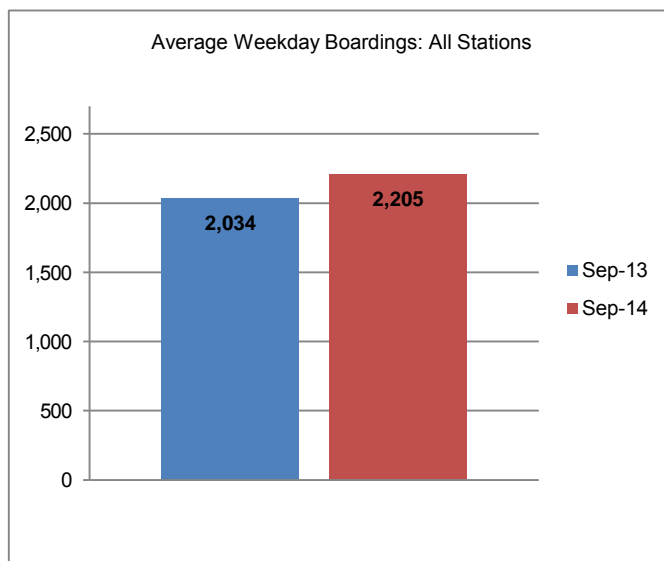
### Total Boardings: All Stations

In September 2014, total boardings increased by 15% (or 7,548 boardings) compared to 2013. Reasons for the continued rise in boardings include increasing UNT enrollment, construction on I-35, and State Fare attendance.



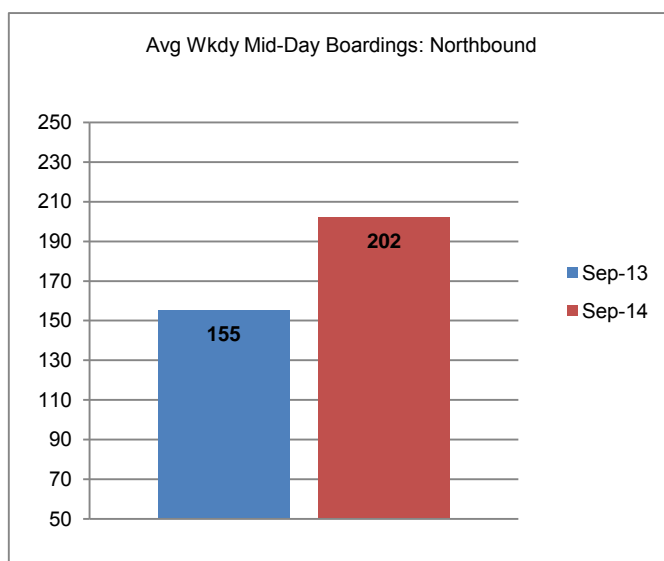
### Average Weekday Boardings: All Stations

Average weekday boardings increased by 8% (or 171 boardings per weekday) from the previous year.



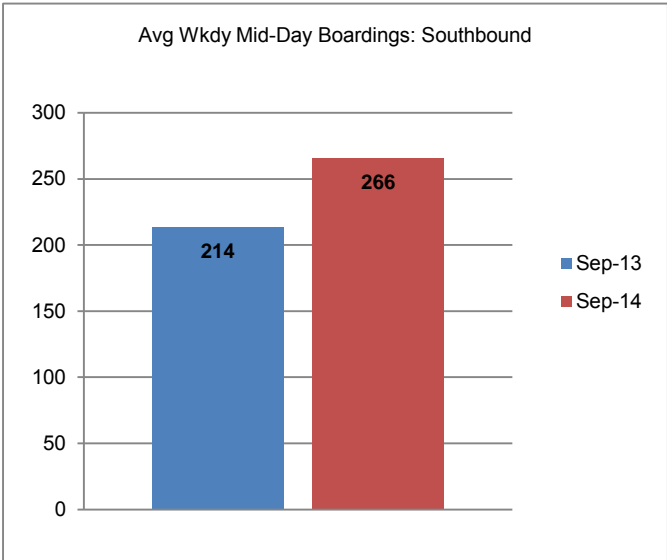
### Average Weekday Mid-Day Boardings: Northbound

On an average weekday during the mid-day, boardings increased by 30% (or 47 boardings per day) on northbound trains from September 2013 to September 2014. From August 2013 to January 2014, one northbound train was added.



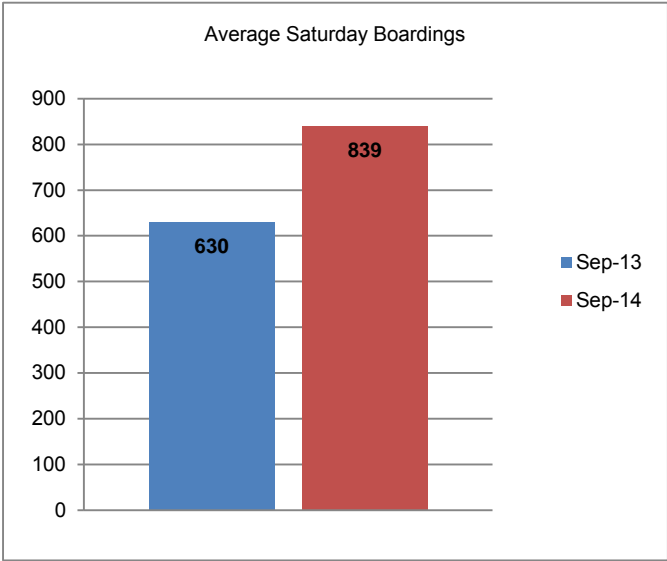


### All Stations



**Average Weekday Mid-Day Boardings: Southbound**

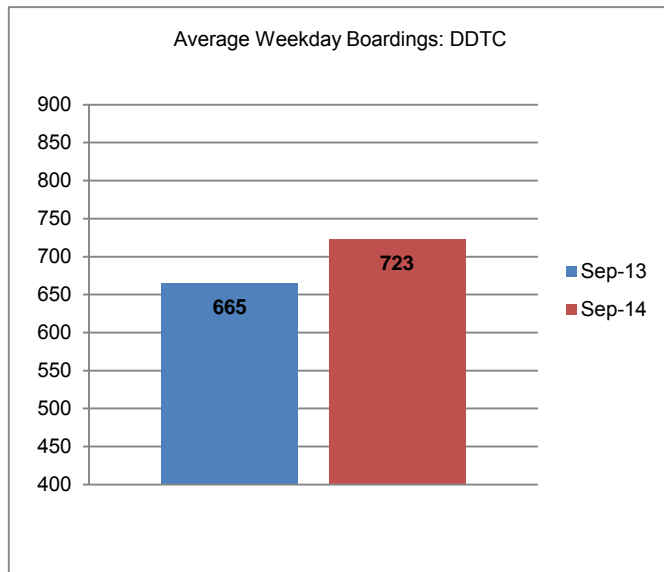
Average daily boardings during mid-day traveling southbound grew by 24% (or 52 boardings per weekday). Between August 2013 and January 2014, two southbound trips were added during the mid-day.



**Average Saturday Boardings: All Stations**

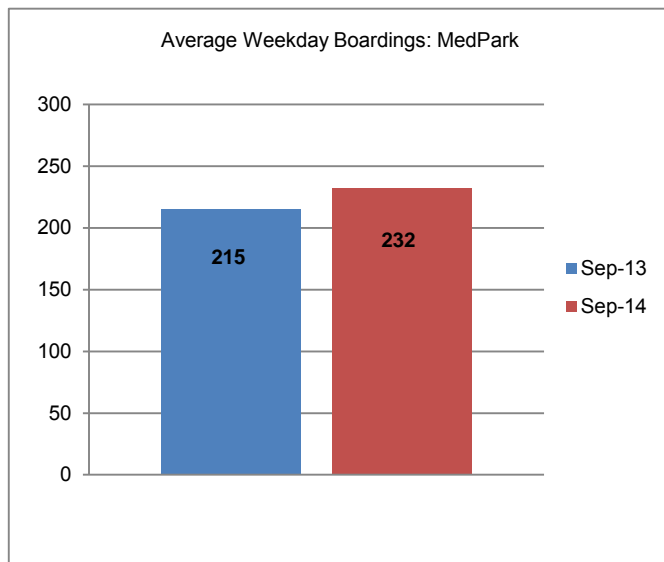
In September, average Saturday boardings jumped by 33% (or 209 boardings per Saturday) when compared to the previous year. Greater attendance at the State Fair may explain most of this jump in ridership. Compared to last September, the stations with the largest increase in average Saturday boardings are Old Town Station followed by Highland Village/Lewisville Lake then MedPark.

## Station by Station



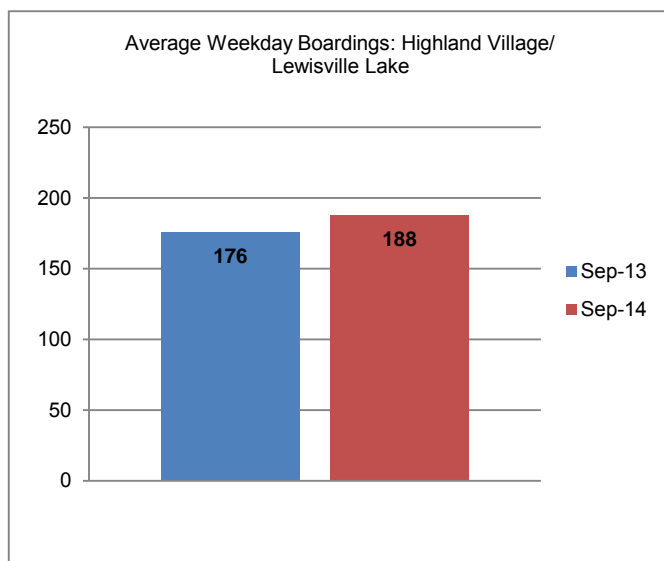
### Average Weekday Boardings: DDTC

In September, average daily boardings at the DDTC increased by 8% (or 58 boardings per weekday) when compared to the previous year. Continued increases in UNT Fall enrollment may contribute to this rise in boardings at the DDTC.



### Average Weekday Boardings: MedPark

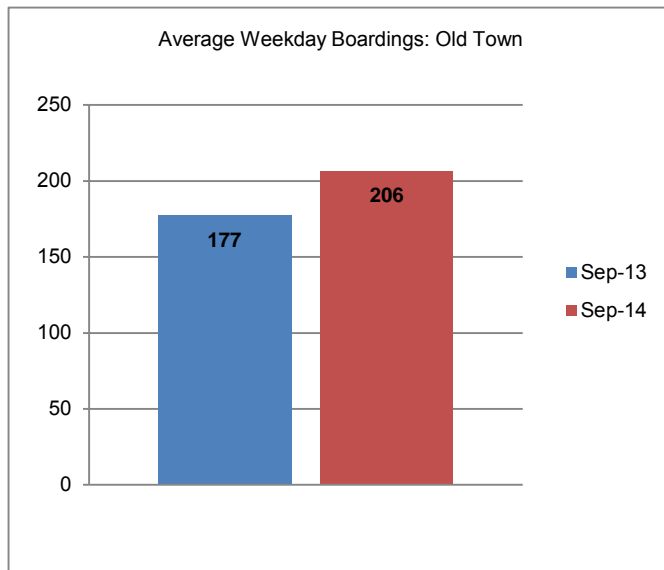
In September, average daily boardings at the MedPark Station increased by 8% (or 17 boardings per day) when compared to the previous year. This may be explained by the expansion of the Colorado Express Shuttle from the Golden Triangle Mall to the MedPark Station.



### Average Weekday Boardings: Highland Village/ Lewisville Lake

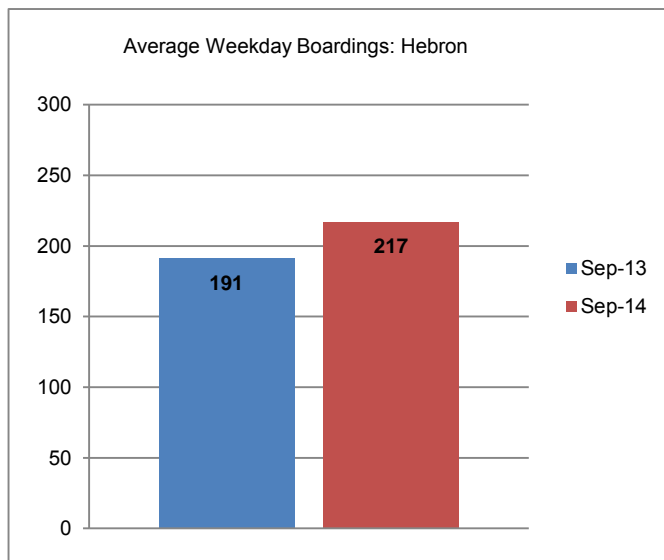
In September, average daily boardings at the Highland Village/Lewisville Lake Station increased by 7% (or 12 boardings per day) when compared to last year. This may be explained by people avoiding I-35 construction by riding the A-train.

## Station by Station



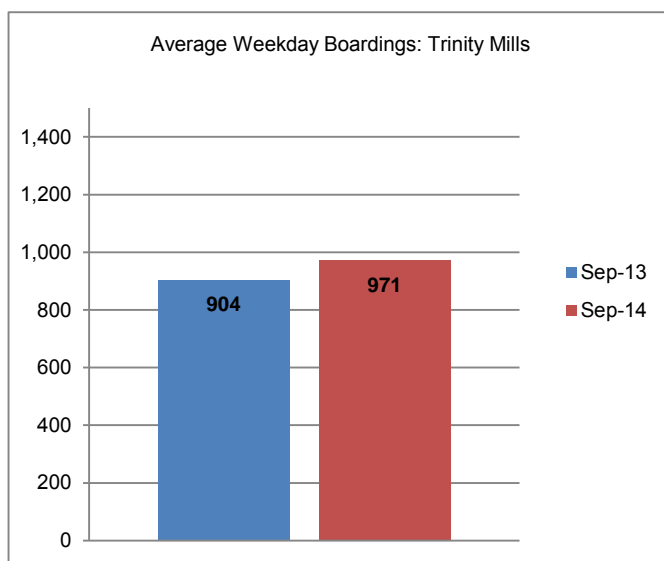
### Average Weekday Boardings: Old Town

In September, average daily boardings at the Old Town Station increased by 16% (or 29 boardings per weekday) compared to the previous year. Increased development around the Old Town Station and greater ridership on Lewisville Route 23 may have contributed to this increase.



### Average Weekday Boardings: Hebron

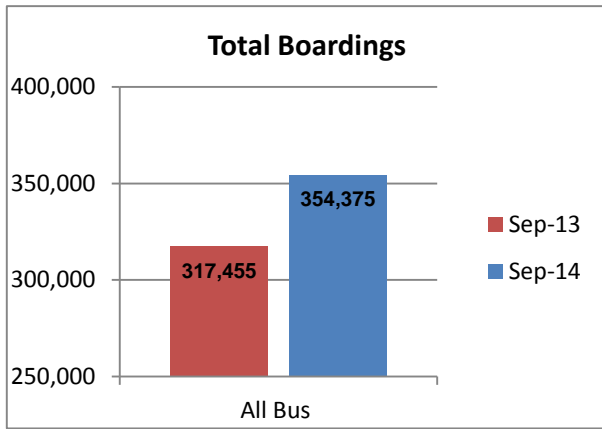
In September, the average daily boardings at the Hebron Station increased by 13% (or 26 boardings per weekday) relative to last year.



### Average Weekday Boardings: Trinity Mills

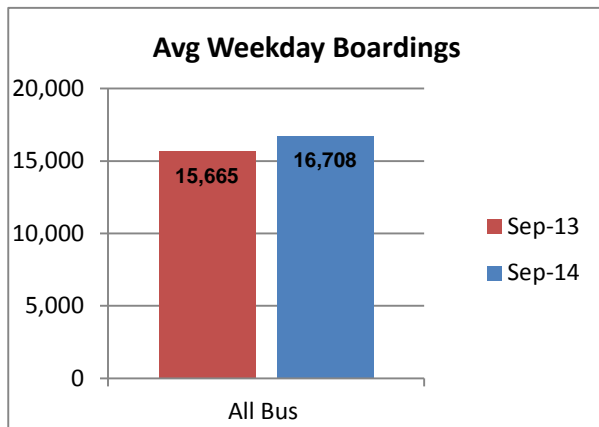
In September, average daily boardings at the Trinity Mills Station increased by 7% (or 67 boardings per weekday) compared to last year. In the past few months, growth in A-train ridership is occurring more evenly over DCTA stations instead of mostly at Trinity Mills.

## Total Bus



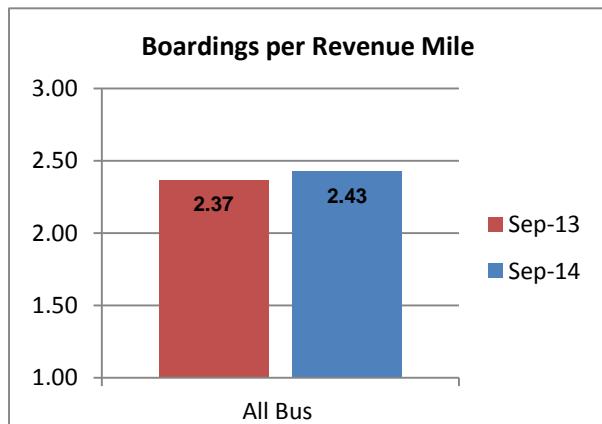
### Total Bus: Total Boardings

Total boardings for all bus service increased by 11% (or 36,920 boardings) when comparing September 2013 to 2014. Most of the increase can be explained by jumps in UNT ridership. The UNT routes with the largest increases were Discovery Park, Centre Place (East & West), and Eagle Point.



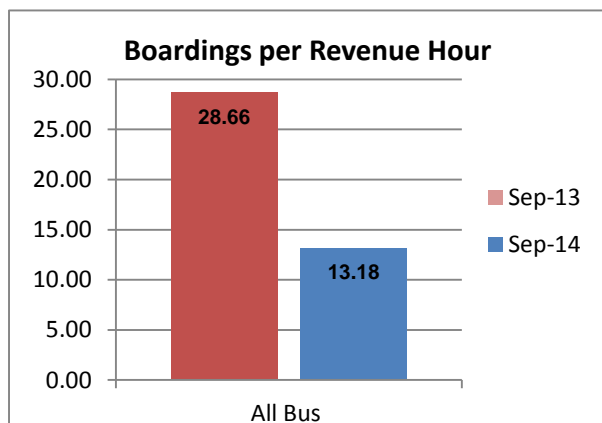
### Total Bus: Average Weekday Boardings

Average weekday boardings increased by 6% (or 1,043 boardings) per day when comparing September 2014 to the same period in 2013.



### Total Bus: Boardings per Revenue Mile

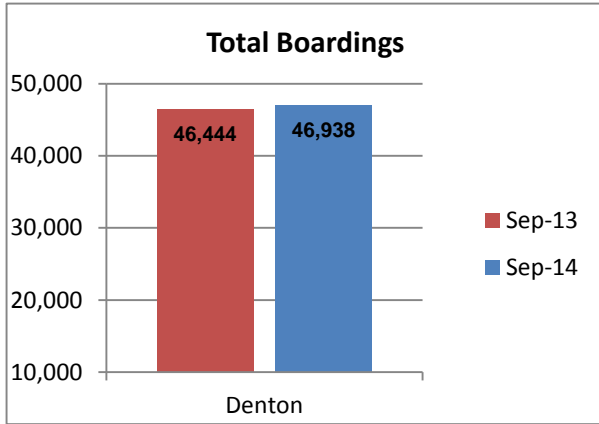
Overall in September, boardings per revenue mile increased slightly compared to the previous year. That is, buses carried about the same amount of passengers per mile relative to last year.



### Total Bus: Boardings per Revenue Hour

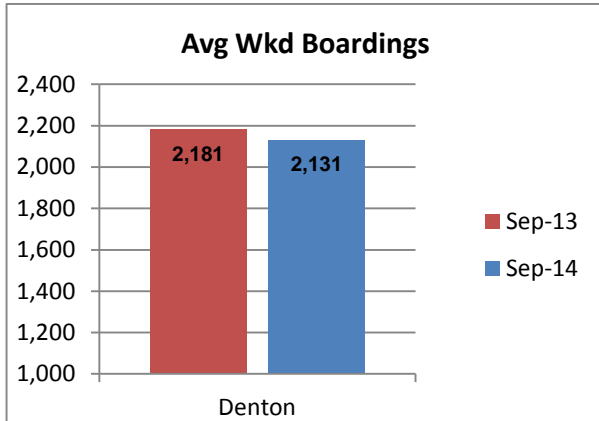
In September, boardings per revenue hour dropped by 54% compared to last year.

## Denton Connect



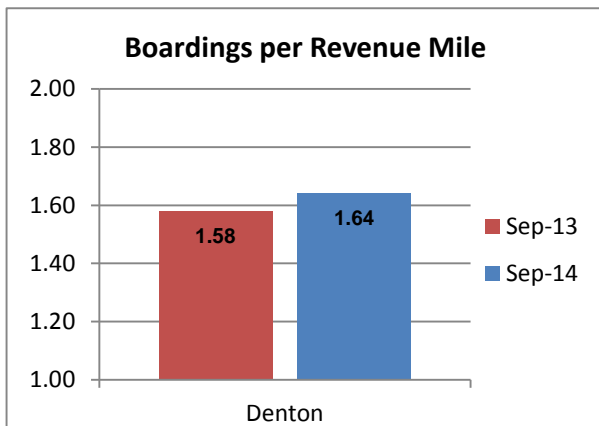
### Denton Connect: Total Boardings

In September 2014, Denton routes remained about the same compared to 2013.



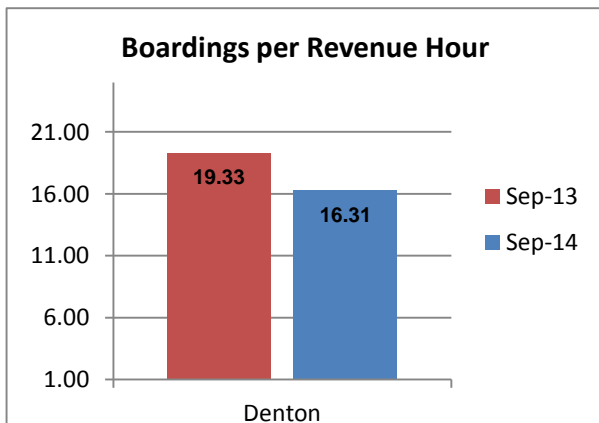
### Denton Connect: Average Weekday Boardings

In September 2014, there was a slight decrease in average weekday boardings compared to 2013.



### Denton Connect: Boardings per Revenue Mile

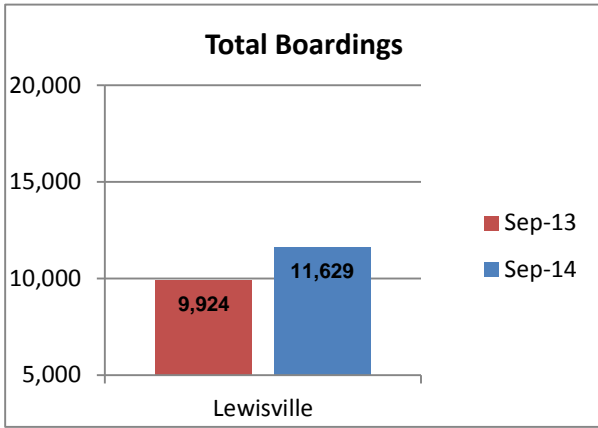
In September, boardings per revenue mile increased by 4% from the previous year. This may indicate that service improvements implemented in January 2014 and August 2014 are maturing.



### Denton Connect: Boardings per Revenue Hour

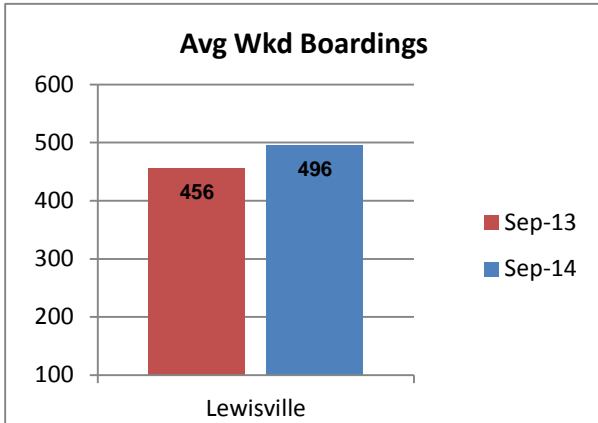
In September 2014, boardings per revenue hour decreased by 15% from the previous year.

## Lewisville Connect



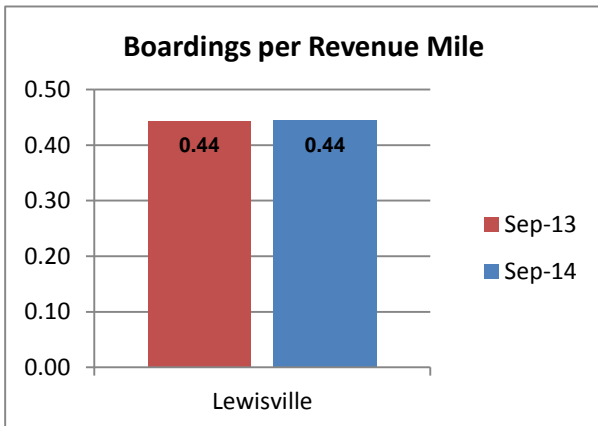
### Lewisville Connect: Total Boardings

In September, boardings increased by 17% (or 1,705 boardings) when compared to the previous year.



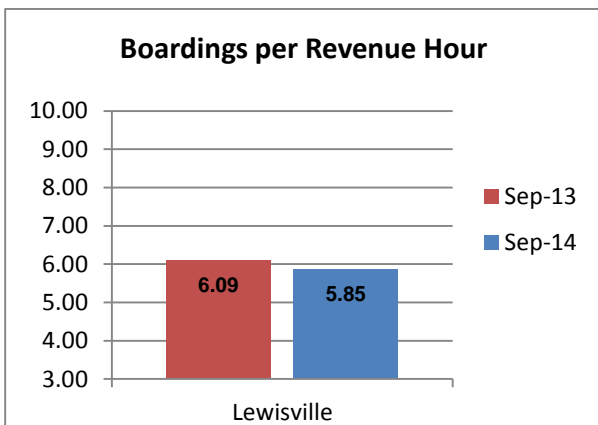
### Lewisville Connect: Average Weekday Boardings

In September, average weekday boardings increased by 9% (or 40 boardings per day) when compared to the previous year.



### Lewisville Connect: Boardings per Revenue Mile

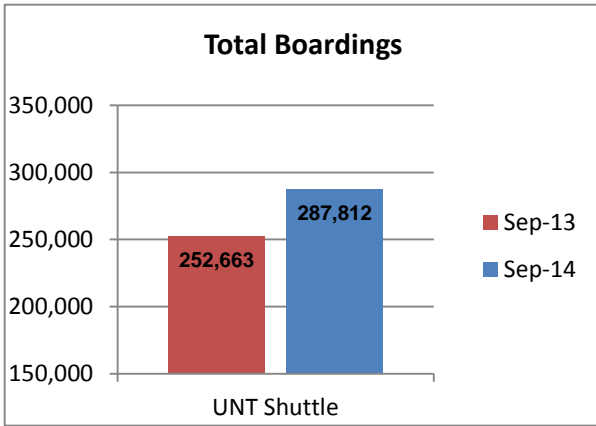
In September, boardings per revenue mile remained about the same when compared to 2013.



### Lewisville Connect: Boardings per Revenue Hour

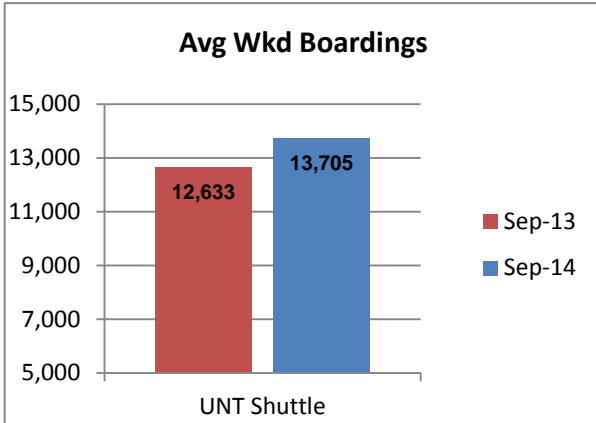
In September, boardings per revenue hour dropped by 4% from the previous year. As part of the January 2014 service changes, service was added to routes 22 and 23. Because this is new service, ridership has not grown as fast as revenue hours.

## UNT Shuttle



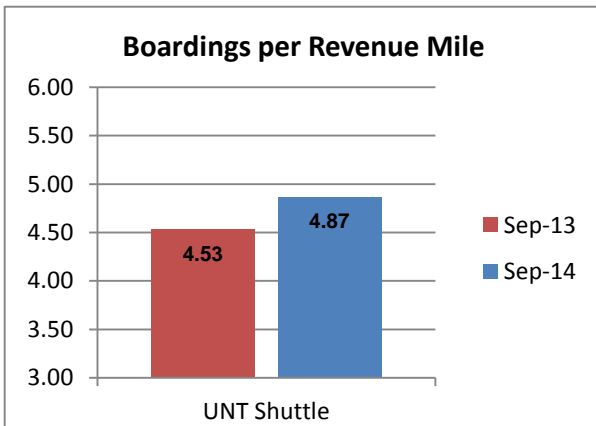
### UNT Shuttle: Total Boardings

In September, UNT boardings increased by 14% (or 35,149 boardings) relative to the previous year. Increases in ridership in September and August 2014 may represent a reversal of a 24 month period of declines. As part of service changes in August 2014, service was added to the Colorado Express, Campus Cruiser, and Centre Place (East & West).



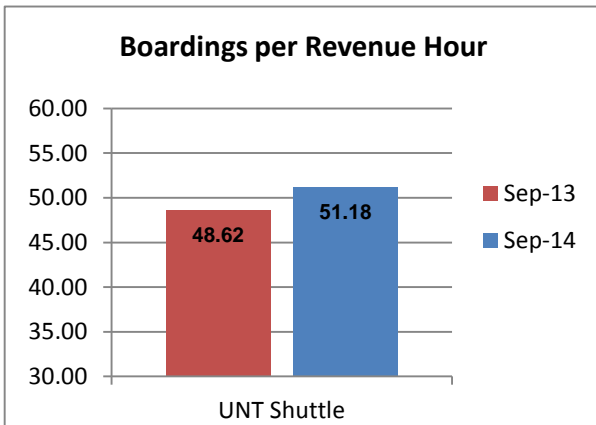
### UNT Shuttle: Average Weekday Boardings

In September, UNT average weekday boardings increased by 8% (or 1,072 boardings per day).



### UNT Shuttle: Boardings per Revenue Mile

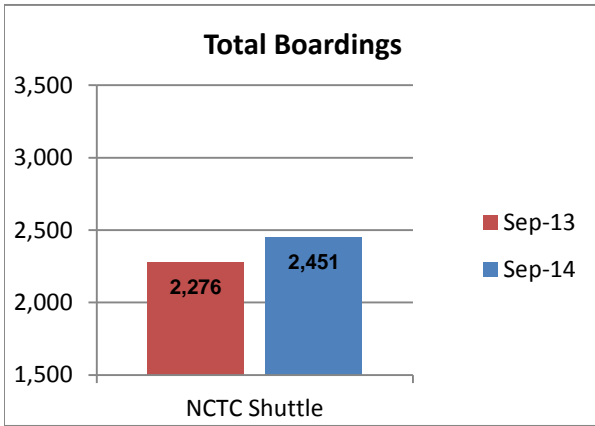
In September, boardings per revenue mile increased by 7%.



### UNT Shuttle: Boardings per Revenue Hour

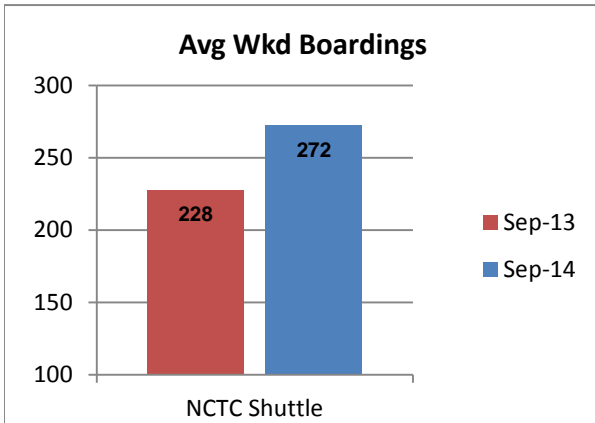
In September, boardings per revenue hour increased by 5%.

## NCTC Shuttle



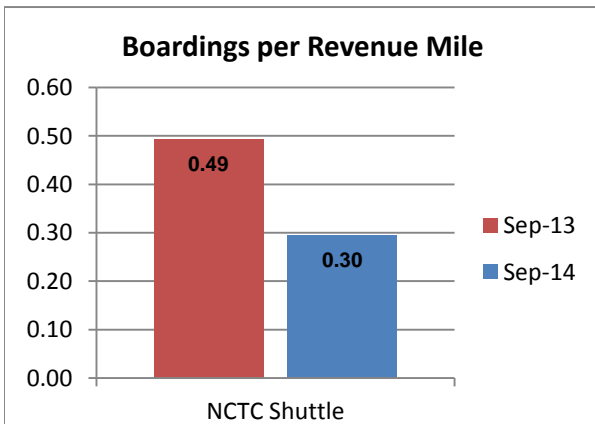
**NCTC Shuttle: Total Boardings**

In September, NCTC boardings increased by 7% (or 175 boardings) when compared to 2013.



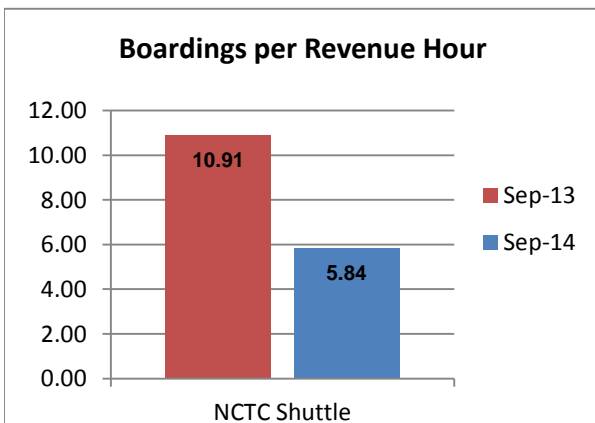
**NCTC Shuttle: Average Weekday Boardings**

In September, NCTC average weekday boardings increased by 19% (or 45 boardings per day) when compared to 2013.



**NCTC Shuttle: Boardings per Revenue Mile**

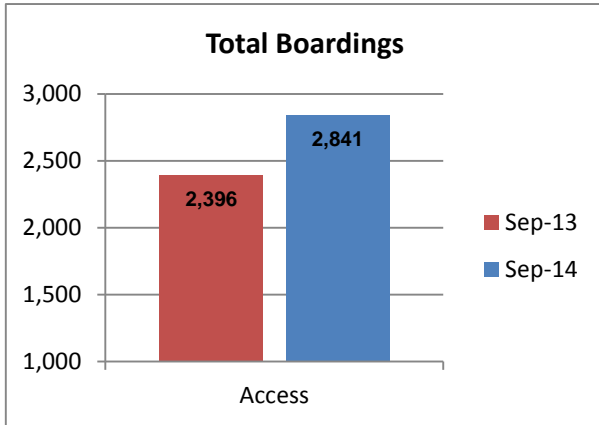
In September, boardings per revenue mile decreased by 40% from the previous year.



**NCTC Shuttle: Boardings per Revenue Hour**

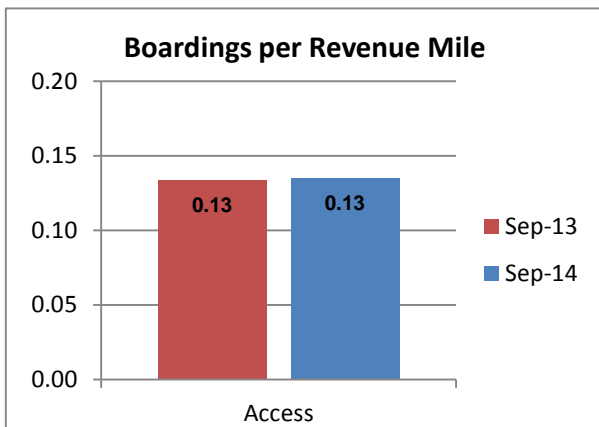
In September, boardings per revenue hour decreased by 46% from the previous year.





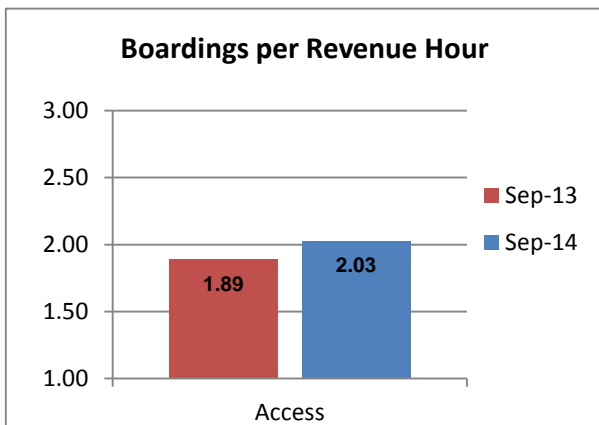
**Access: Total Boardings**

In September, boardings increased by 18% (or 445 boardings) relative to the previous year. Average weekday boardings improved by 14% (or 16 boardings per day).



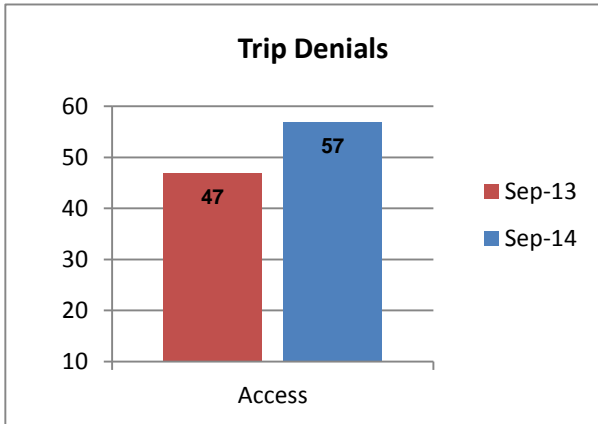
**Access: Boardings per Revenue Mile**

In September, boardings per revenue mile remained about the same when compared to the previous year.



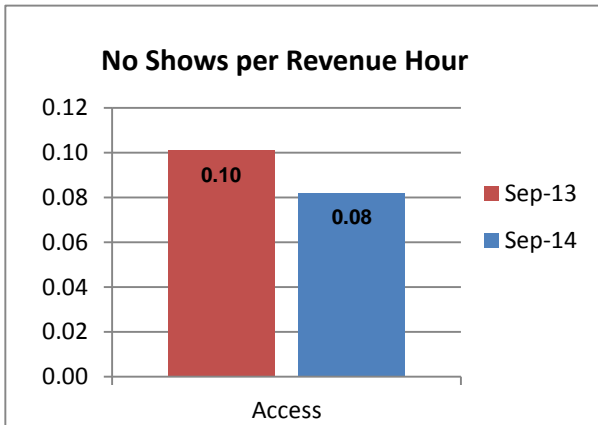
**Access: Boardings per Revenue Hour**

In September 2014, boardings per revenue hour remained increased by 7%.



**Access: Trip Denials**

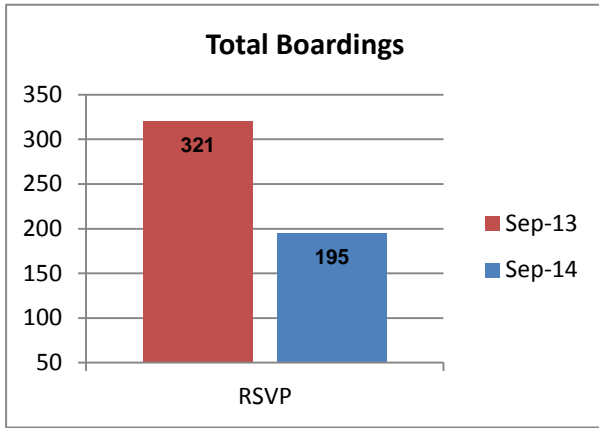
In September, non-ADA trip denials increased by 21% (or 10 denials) when compared to 2013.



**Access: No-Shows per Revenue Hour**

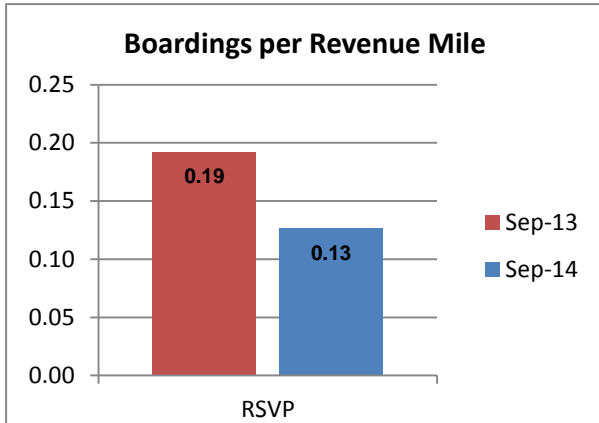
In September, the rate of no-shows per revenue hour decreased by 19% from the previous year.

## Connect RSVP



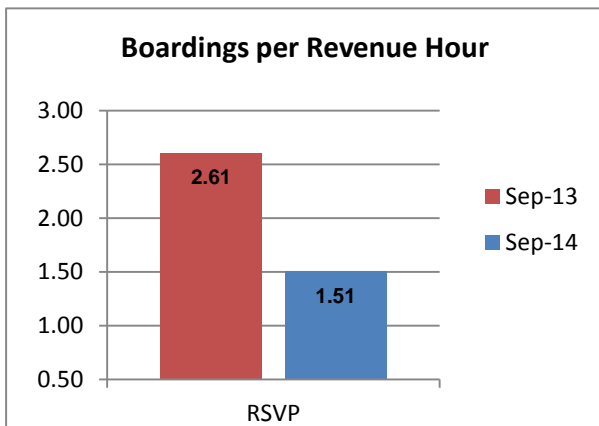
### Connect RSVP : Total Boardings

In September, boardings dropped by 39% (or 126 boardings) when compared to 2013.



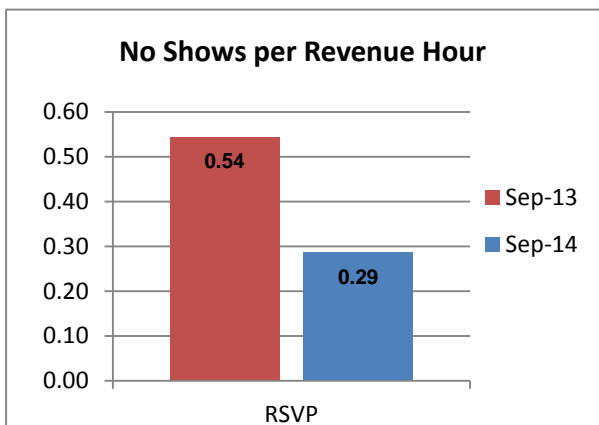
### Connect RSVP : Boardings per Revenue Mile

Boardings per revenue miles dropped by 34% when comparing September 2014 to 2013.



### Connect RSVP: Boardings per Revenue Hour

In September, boardings per revenue hour dropped by 42% when compared to 2013.



### Connect RSVP: No-Shows per Revenue Hour

In September, No-shows per revenue hour dropped by 47% from previous year. No-shows dropped by 44% (or 24 no-shows) while revenue hours increased by 5%.

**Board of Directors Memo****October 23, 2014****Item: 1(e) Strategic Planning & Development Update****PRIORITY PROJECTS****Comprehensive Service Analysis**

- Sample specs of similar RFPs from peer agencies are being reviewed
- High Priority Service Projects have been identified (I-35W & Highland Village)
- Currently developing preliminary service plans to address the high priority service projects

**Next Steps**

- Develop Scope of Work
- RFP Process
- Project Execution
- Board Input on Proposed Service Options
- Service Prioritization & Funding Options
- Phased Service Implementation

**Highland Village (FM407 Retailers)**

- Met with City Staff on October 16 to discuss transit needs in Highland Village
- Identified top priority need is to provide transportation solutions for retail labor force
- Identified the larger employment centers as Trademark Development (The Shops of Highland Village), Wal-Mart and DDR Retail Plaza (TJ Maxx)
- Currently developing preliminary service plans to address the labor force demand

**Next Steps**

- Meet with Trademark retailers (including Whole Foods), Wal-Mart and TJ Maxx
- Obtain zip codes of current employees and areas of recruitment for future employees
- Gain a better understanding of employee shifts at each retailer
- Develop & Implement service plan to address the labor force demand

**I-35W Corridor (Denton to Fort Worth)**

- Met with Fort Worth T Planning staff on October 8 to discuss I-35W service partnership
- The is currently undergoing a year-long comprehensive service analysis
- The T staff is on-board for partnering to provide service along the I-35W corridor and is comfortable with DCTA staff beginning the preliminary planning process
- Currently developing preliminary service plans to establish options for providing service along the I-35W corridor

**Next Steps**

- Research and meet with Alliance development and identify feeder service needs
- Obtain data from The T to assist in preliminary planning process
- Obtain zip codes of current employees and areas of recruitment for future employees
- Gain a better understanding of employee shifts at each facility within the Alliance development
- Develop & Implement service plan to address the needs of the Alliance development

**OUTREACH EFFORTS**


**Recent Outreach Efforts**

- 9/26 Denton Chamber Quarterly Luncheon
- 10/2 HVBA Community Coffee
- 10/7 Northwest Metroport Chamber of Commerce "State of the Cities" Luncheon
- 10/8 Northwest Communities Partnership General Meeting Presentation
- 10/8 I-35W Partnership Discussion with the Fort Worth T Planning Staff
- 10/9 Denton Plan 2030: P&Z Commission Workshop
- 10/16 Highland Village Transit Needs Meeting with City Staff
- 10/17 Highland Village The District, Legend Property Management Staff

**Upcoming Outreach Efforts**

- |  |   |
|--|---|
| Hillwood Developers/ <i>Alliance Development</i>             | DDR Management, Highland Village            |
| Trademark/ <i>The Shops at Highland Village</i>              | TWU Chancellor/President, Carine Feyten     |
| Landcore Developers/ <i>The District of Highland Village</i> | UNT President, Neil Smatresk                |
| Whole Foods, Highland Village                                | North Texas Commission                      |
| Wal-Mart, Highland Village                                   | Lewisville Economic Development Corporation |
| Wal-Mart Neighborhood Market, North Lewisville               | Denton Economic Development Corporation     |
| TJ Maxx, Highland Village                                    | Frisco Economic Development Corporation     |

Submitted by:   
 Kristina Brevard, VP, Strategic Planning & Development

Approved by:   
 James C. Cline, Jr., President



## Board of Directors Memo

October 23, 2014

### Item: WS 2(a) Finance Committee Chair Report

The Finance Committee meeting and Special called Board of Directors meeting was held at 2:00 p.m., Monday, October 20, 2014 at 1955 Lakeway Drive, Suite 260, Conference Room in Lewisville, TX.

In attendance were:

Serving as Committee Chair: Charles Emery  
 Committee Members: Richard Huckaby, George Campbell, Allen Harris  
 Board Members: Paul Pomeroy, Carter Wilson  
 Absent: Dave Kovatch, Jim Robertson

Staff: Anna Mosqueda, Kristina Brevard, Shanna O'Gilvie, Marisa Perry, Michael Chinn (First Transit-TMDC), Jim Cline  
 Other attendees: Julie Rickman – Holmes Murphy

A complete copy of the Finance Committee agenda packet and handouts is included as "Attachment A" to this report. The following agenda items were discussed:

#### 2015 Employee Benefit Renewal Update

##### Health Benefits update:

The Finance Committee received an update from Julie Rickman with Holmes-Murphy, DCTA's health benefits broker, who provided some highlights on Health Care reform as well as recommendations for FY 15 employee health benefits renewal. A complete copy of Ms. Rickman's presentation is included in committee hand-outs (Attachment A).

The recommendations for DCTA's 2015 employee health care plan are:

Medical– renew coverage with Texas Municipal League- Intergovernmental Employees Benefit Pool (TML-IEBP). The renewal increase is 5% (or \$8,500) with no plan changes for a total of \$183,500 for FY15. Other quotes were received from Blue Cross Blue Shield, Aetna and United Healthcare but all were at an increased cost with diminished benefit plans. The FY15 Budget included a 10% increase.

Dental – renew coverage with TML-IEBP. The renewal will be a slight decrease in premiums for a total of \$14,000 for FY15.

FSA/COBRA/STD-LTD- renewal confirmed with no increase. These all have rate guarantees for multiple year periods.

Recommendations for TMDC's 2015 employee health care benefits plan are:

##### Medical

Michael Chinn, the General Manager for TMDC (bus operations) updated the Committee on discussions with First Transit (the parent company of TMDC) regarding the option of TMDC employees participating in the First Transit health benefits plan. In past years TMDC has seen significant premium increases but have recently seen a more favorable health care claims history. The initial discussions indicate that a move to the First Transit Plan, which currently includes

approximately 90,000 participants, would provide a reduction in premiums of about 10% while still providing TMDC employees with plan improvements. Finance Committee members requested additional clarification on items related to the self-insured portion of the plan, stop-loss coverage levels and impact in future if TMDC elected to transition to another plan.

Holmes-Murphy received a renewal option for no increase, with no changes to the plan, from the current provider, Blue Cross Blue Shield. This proposal will be evaluated along with the First Transit proposal option. The FY 15 Budget included a 15% increase for health care benefits.

STD/LTD-renewal from current provider was a 22% (\$3,900) increase for total of \$18,100 for FY15. Holmes-Murphy is requested quotes from market.

Dental/FSA/COBRA – renewal confirmed with no increase. These have rate guarantees for multiple year periods.

The health care benefits item was presented for information and discussion to the Finance Committee and will be on the Board agenda for action at the November Board meeting.

#### **Employee Retirement Plan (TCDRS):**

During the FY15 budget development a change to the employee benefits plan that would increase employer contribution match was discussed. The Finance Committee requested that it be brought back for further discussion after adoption of the FY15 Budget. The detail information is included in Attachment A to this memo. Currently the employer/employee contribution is 1.5:1. The change proposed is for a 2:1 match. The employer funding requirement for FY15 with the proposed change would be 5.92% of salaries/wages compared to 4.25% if there is no change to the match. The additional amount is \$22,858 for a total employer contribution of \$106,604. If there is no change, the plan would be 98.3% funded and with change to 2:1 match it would be 90.7% funded.

This item was for Finance Committee review and discussion and will be presented to the Board for action at the November Board meeting. DCTA will need to submit its plan to TCDRS in early December for the FY15 Plan year.

#### **Investment Policy Annual Update:**

Annual adoption of the Investment Policy is required. No changes. This is on Board agenda for October and Board approval is recommended.

#### **Key Financial Ratios:**

This item was for discussion only. The Board will hold further discussion regarding additional ratios that would be beneficial for inclusion in the Quarterly Agency Performance Report.

The meeting adjourned at 3:30pm

#### **Finance Committee**

**Chair** – Charles Emery on behalf of Dave Kovatch

**Members** –George Campbell, Allen Harris, Richard Huckaby, Jim Robertson

**Staff Liaison** – Anna Mosqueda – CFO



## ATTACHMENT A

Finance Committee  
of the DCTA Board of Directors  
**2:00 p.m., October 20, 2014**

**\*\*Note New Address\*\***

**1955 Lakeway Dr., # 260**  
Lewisville, TX 75057

### AGENDA

NOTICE IS HEREBY GIVEN that there will be a special called meeting of the DCTA Board of Directors and a meeting of the Finance Committee of the DCTA Board of Directors at the time and location above. The DCTA Board of Directors will not conduct its special called meeting if a quorum of the DCTA Board of Directors does not attend however the DCTA Finance Committee will conduct its meeting regardless of the presence of a quorum of the DCTA Board of the Directors. The DCTA Board of Directors and the Finance Committee of the DCTA Board of Directors will consider the following:

Welcome and Introductions

#### 1) ITEMS FOR DISCUSSION

- a. 2015 Employee Benefit Renewal Update
- b. Investment Policy Annual Update
- c. Discussion of Key Financial Ratios for Inclusion in Board Financial Reports

#### 2) ADJOURN

#### Finance Committee

**Chair – Dave Kovatch**

**Members – George Campbell, Allen Harris, Richard Huckaby, Jim Robertson**

**Staff Liaison – Anna Mosqueda – CFO**

The Denton County Transportation Authority meeting rooms are wheelchair accessible. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by emailing [lbachus@dcta.net](mailto:lbachus@dcta.net) or calling Leslee Bachus at 972-221-4600.

This notice was posted on 10/22/2014 at 1:04 PM.

---

Leslee Bachus, Executive Assistant





## Finance Committee Memo

October 20, 2014

**Subject: 1 (a) 2015 Employee Benefits Renewal Update**

### **Background**

Holmes Murphy, Inc. services and DCTA's benefits broker and acts on our behalf to research, review, bid and make recommendations for the annual review of employee health care benefits. They coordinate the bid process and assist staff with the evaluation of responses for the various health care and disability related employee benefits for both DCTA and Transit Management of Denton County (TMDC). In addition, they provide updates on the Affordable Care Act and cost projections for inclusion in the annual budget process.

In June 2014, Holmes–Murphy, Inc., presented to the Finance Committee the 2015 Pre-Renewal strategy and FY 15 budget recommendations. Over the past few months Holmes Murphy has worked with DCTA and TMDC staff to review and outline options for the expiring plans. The FY 2015 budget reflects a 10% increase for DCTA benefit plans and a 15% increase for TMDC benefit plans.

For the 2015 year DCTA and TMDC have three plans which require contract renewals: Medical & Prescription, Dental, and Group Term Life and Disability coverage.

### **Denton County Transportation Authority Employee Benefits**

- **Medical & Prescription:** Holmes Murphy, Inc. has received the renewal option from Texas Municipal League Multi-State Intergovernmental Employee Benefits Pool (TML-IEBP) the current DCTA medical provider. The renewal reflects a 5% increase over the current fees.
- Although, the TML-IEBP renewal is less than the 10% included in the FY15 budget, staff requested Holmes Murphy to seek additional market responses to evaluate pricing, customer service standards, consumer satisfaction and alternate plan options. DCTA has not solicited marketing responses since 2012, just prior to joining the TML-IEBP. Holmes-Murphy received responses from three other providers – United Health Care, Aetna and Blue Cross-Blue Shield. The recommendation is to accept the TML-IEBP renewal.
- The plan will also include Early and Post Sixty-Five Retiree Benefits. TML-IEBP provides plan options for employer members to make available to employees who retire either before or after the age of 65. The premium is paid fully by the participating employee. The employer member may offer one HMO Advantage Plan integrated with Part D Plan (under 65) and one Medicare Supplemental Plan (over 65).
- **Dental:** TML-IEBP is also the current provider for dental insurance. The renewal reflects a 6% increase over the current fees. Staff requested Holmes Murphy to seek additional market responses to evaluate pricing, customer service satisfaction and alternate plan options. As with the medical & prescription benefits DCTA has not solicited marketing responses since 2012, just prior to joining the TML benefit pool. As of the writing of this memo, Holmes-Murphy is awaiting responses to determine final recommendation.
- **Group Term Life and Disability:** There is no proposed renewal increase from from Lincoln Financial Group, the current provider for group term life and disability coverage. There will be no change in the current monthly premium, coverage levels and/or plan design.
- **Rate Guarantees:** The following are set at guaranteed rate thru the time period referenced.
  - **Third Party Administrator for 125 Cafeteria Plans and COBRA** – Under rate guarantee until 12/31/2020
  - **Vision** - Under rate guarantee until 12/31/2016

## **Transit Management of Denton County Employee Benefits**

For calendar year 2015 employee healthcare benefits, First Transit is evaluating options to extend healthcare benefits its subsidiary (TMDC) under First Transit benefit plans. As the Finance Committee may recall, TMDC has in the past years seen some significant increases but most recently there has been a more favorable health care claims history. Pending the final evaluation of the option to participate under the First Transit umbrella, Holmes-Murphy requested renewal options for TMDC employee coverages. Final evaluations are underway to determine best path for renewals.

- **Medical & Prescription:** The renewal for Blue Cross Blue Shield of Texas (BCBS); the current medical provider; was a 0% increase over the current fees for the existing plan designs. However, the rates have changed slightly between the two plans offered (Base and Enhanced) by less than 1% shift due to plan experience.
  
- **Group Term Life and Disability:** Lincoln Financial Group, the current provider has offered a rate pass –no increase- for the Group Term Life Insurance. However, the Long Term Disability coverage renewal reflects a premium increase of 22%. Staff is reviewing options to solicit market proposals for this coverage.
  
- **Rate Guarantees:** The following are set at a guaranteed rate thru the time period referenced.
  - **Third Party Administrator for 125 Cafeteria Plans** – Under rate guarantee until 12/31/2020
  - **Third Party Administrator for COBRA** – Under rate guarantee until 12/31/2020
  - **Dental** – Under rate guarantee until 12/31/2015
  - **Vision** - Under rate guarantee until 12/31/2015

### **Identified Need**

DCTA and TMDC provide employee health care benefits in order to recruit and maintain a skilled and qualified workforce. Safe, efficient service delivery is critical to the provision of public transportation services and a qualified, skilled workforce is necessary.

In order to update the Finance committee and address any questions regarding DCTA and TMDC employee benefits, Jarrad Willis and Julie Rickman with Holmes Murphy, Inc. will provide an overview 2015 Plan Year renewal development, general recommendations and an update on Healthcare Reform. Final renewals will be presented to the Board in November, with employee enrollment planned for December. New plans are effective Jan. 1.

### **Financial Impact**

This is for information and discussion purposes. Staff will present final renewals at the November 2014 Board meeting.

### **Recommendation**

For review and discussion

Submitted by: Shanna O'Gilvie  
Program Manager-HR/Grants

Final Review: Anna Mosqueda  
Chief Financial Officer

{ Holmes Murphy & Associates }



*We're for you.*

# DCTA 2015 Renewal & TMDC 2015 Renewal

October 20, 2014



# Agenda

- **Healthcare Reform Highlights**
- **Renewal Review**
- **2015 Recommendations**
- **Wellness Planning**



# Healthcare Reform Action and Fees

- **2015 HCR Action Items:**

- Medical plan design requirements
  - Measurement of employee hours
  - Individual Mandate

- **PCORI Fee** - Helps fund Patient Centered Outcomes research Institute.  
\$2.00 Per Member Per Year in 2014 / \$2.08 Per Member Per Year in 2015

- **Insurer Fee** - Annual fee on health insurance sector, allocated by market share, to fund health insurance exchange subsidies. (varies by carrier)  
Estimated 2.3% or \$9.00 Per Member Per Month or \$108 Per Member Per Year

- **Reinsurance Fee** - Transitional fees to stabilize the individual market; assessed on a per capita basis.

- 2014 - \$5.25 Per Member Per Month or \$63 Per Member Per Year

- 2015 - \$3.67 Per Member Per Month or \$44 Per Member Per Year



# DCTA Renewal Review



Des Moines | Cedar Rapids | Dallas | Davenport | Denver | Kansas City | Madison  
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# DCTA 2014 Renewal Offers

## MEDICAL

- TML-IEBP is offering a renewal increase of 5%
  - Current annual spend - \$175,000
  - \$8,500 annual increase over current , No plan changes
  - Renewal based on Claim experience through July 2014 yielding a loss ratio of 62.25%. Over 300% loss ratio for the month of August and September; not included in this renewal.
  - Received quotes from the market – all at increased cost and diminished benefit plans.

## DENTAL

- TML – Slight premium decrease\*
  - Current annual spend - \$14,000
  - No plan changes
  - Marketing Dental with prior carrier

\*HMA reducing commissions 10% to 0% for plan year 2015

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# 2015 Summary

## Recommendations for DCTA

- ✓ Medical/Rx – Accept renewal offer from TML-IEBP
- ✓ Dental – Finalize dental market options.
- ✓ STD/LTD – Renewal confirmed – rate pass
- ✓ FSA – Renewal confirmed – rate pass
- ✓ COBRA – Renewal confirmed – rate pass





# TMDC Renewal Review



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# TMDC 2015 Renewal Offers

## MEDICAL

- BCBS is offering a renewal increase of 0%
  - Current annual spend - \$1,050,000
  - No plan changes
  - 49.6% loss ratio / favorable vs. BCBS desired performance at 78%
  - Assumes 0.5% for HCR fees
  - Reviewing viability of merging Health benefits with First Transit Inc.

## Long Term Disability

- Lincoln is offering a renewal increase of 22%,
  - Current annual spend - \$14,200
  - \$3,900 annual increase over current, No plan changes
  - Marketing LTD/STD



# 2015 Summary

## Recommendations for TMDC

- ✓ Medical/Rx – Consider BCBS offer and review First Transit Inc. proposal options with HSA considerations.
- ✓ STD/LTD – Market – keep products bundled
- ✓ Dental – Renewal confirmed – rate pass
- ✓ FSA – Renewal confirmed – rate pass
- ✓ COBRA – Renewal confirmed – rate pass

# Next Steps

- Holmes Murphy will obtain renewals for DCTA and TMDC in October and negotiate with current carriers
- Holmes Murphy will provide renewal and negotiation results to DCTA/TMDC in November
- DCTA/TMDC finalize renewal decisions for board approval.
- Confirm Open Enrollment Dates
- Schedule Open Enrollment Meetings
- Benefit plans become effective January 1, 2015.



# Wellness Program

**2013** – Wellness Program Created

**2014** – Conduct Biometric Screenings and Target Wellness programs based on data from screenings

**2015** - Include employee incentives for participation, premium differentials

**Get Up &**



**DCTA Wellness Program**



**TMDC Wellness**



# Finance Committee Memo

October 20, 2014

## Item 1 (a): 2015 Employee Benefits Renewal Update

### BACKGROUND:

During the FY15 Budget discussion a change to employer contribution in the Texas County and District Retirement System (TCDRS) for the 2015 plan year was discussed. Staff was directed to bring this back after the adoption of the FY15 budget for further discussion. Any changes to the plan must be submitted to TCERS no later than December 15.

The Texas County and District Retirement System (TCERS) requires that each participating retirement plan member confirm its plan design annually. DCTA staff has reviewed the attached Exhibit A to ensure that it reflects the provisions of the existing Denton County Transportation Authority (DCTA) defined benefit plan.

TCERS initial renewal for plan year 2015 reflected a contribution rate of 4.25% reflecting a slight decrease from over the current plan rate of 4.60%.

**Exhibit A:** Retirement Plan Assessment for Plan Year 2015 at current 1.5:1 match.

**Exhibit B:** Summary of Proposed Plan Provision Changes – Rate Projections and Projected Valuation Results

Staff has collected data for the past two years from regional and peer transit agencies and conducted employee benefit surveys. In order to remain competitive with peer agencies and with other employers a change is recommended in the employer match for employee retirement. The proposed recommendation would affect Future Contributions only.

Plan Option #1: This option incorporates projections for 2:1 employer/employee match at the current 5% and affects Future Only contributions. The employer contribution rate would be 5.92% and yield a projected funded ratio of 90.7% at the end of the 2015 plan year.

### Identified Need

DCTA offers a competitive benefit package in order to attract and retain a quality, professional staff. Maintaining a financially stable retirement plan is a important element of the agency’s overall employee group benefit package.

### Financial Impact

In the FY 2015 adopted budget the DCTA employer match a rate of 4.60% of salaries & wages.

### Recommendation

Staff recommends the Finance Committee forward to the Board Plan Option #1 which provides for an employer 2:1 match for future contributions only.

Staff: Shanna O’Gilvie  
HR/Grants Program Manager

Final Review: Anna Mosqueda  
Chief Financial Officer

## EXHIBIT A



**Plan Assessment for Plan Year 2015  
Denton County Transportation Authority – 783**

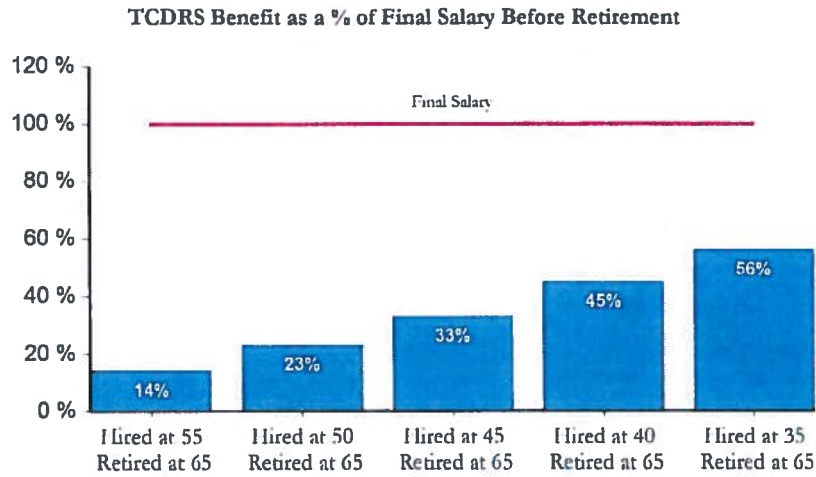
It's that time of year again — time to look at your TCDRS retirement plan and decide whether or not your benefits are adequate and affordable. This plan assessment will give you an overview of the benefits you provide as well as how much it will cost to provide these benefits in the upcoming plan year.

	2015 Plan
<b>Basic Plan Options</b>	
Employee Deposit Rate	5%
Employer Matching	150%
Prior Service Credit	0%
<b>Retirement Eligibility</b>	
Age 60 (Vesting)	5 years of service
Rule of	75 years total age plus service
At Any Age	30 years of service
<b>Optional Benefits</b>	
Partial Lump-Sum Payment at Retirement	No
Group Term Life	None
<b>Retirement Plan Funding</b>	
Normal Cost Rate	4.16%
UAAL/(OAAL) Rate	0.09%
Required Rate	4.25%
Elected Rate	N/A
<b>Total Contribution Rate</b>	
Retirement Plan Rate (greater of required or elected rate)	4.25%
Group Term Life Rate	None
Total Contribution Rate	4.25%
<b>Valuation Results (as of Dec. 31, 2013)</b>	
Actuarial Accrued Liability	\$385,737
Actuarial Value of Assets	\$368,960
Unfunded/(Overfunded) Actuarial Liability	\$16,777
Funded Ratio	95.7%

EXHIBIT A

**What You Are Providing**

The TCDRS benefit is based on employee deposits, which earn 7% compound interest each year, and employer matching at retirement. The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:



**Assumptions**

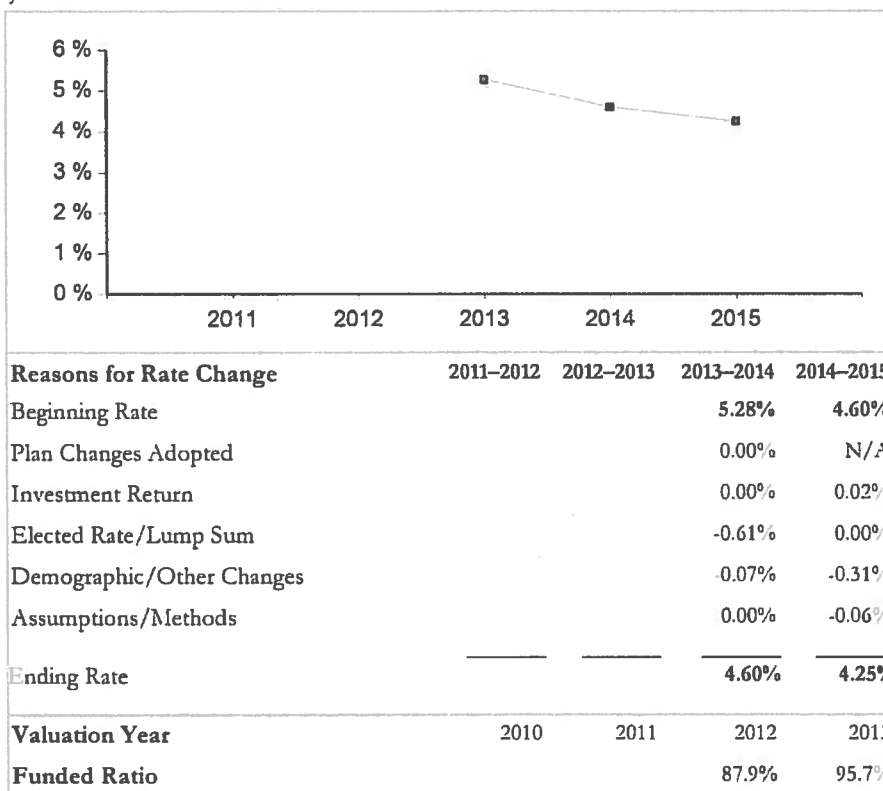
- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises later in careers (see Summary Valuation Report at [www.tcds.org/employer](http://www.tcds.org/employer)).
- Based on Single Life benefit.



EXHIBIT A

**Reasons for Rate Change**

Below is a record of your required employer contribution rate history over the last five years.



Reasons for Rate Change	2011-2012	2012-2013	2013-2014	2014-2015
Beginning Rate			5.28%	4.60%
Plan Changes Adopted			0.00%	N/A
Investment Return			0.00%	0.02%
Elected Rate/Lump Sum			-0.61%	0.00%
Demographic/Other Changes			-0.07%	-0.31%
Assumptions/Methods			0.00%	-0.06%
Ending Rate			4.60%	4.25%

Valuation Year	2010	2011	2012	2013
Funded Ratio			87.9%	95.7%

A complete Summary Valuation Report for the Dec. 31, 2013 valuation will be available mid-May at [www.tcdrs.org/employer](http://www.tcdrs.org/employer).

EXHIBIT B

**Denton County Transportation Authority Retirement Plan  
Summary of Proposed Plan Provision Changes Effective January 1, 2015**

	<b>Current Plan</b>	<b>Proposed Plan #1</b>
<b>Basic Benefit Provisions</b>		
Employee Deposit Rate:	5%	5%
Employer Matching Rate:	150%	<b>200%</b>
Application of Matching:		<b>Future Only</b>
Prior Service Credit:	0%	0%
<b>Retirement Eligibility</b>		
Vesting & Retirement at Age 60:	5	5
Rule Of:	75	75
Years at Any Age:	30	30
<b>Additional Contributions</b>		
Elected Rate:		
Elected Rate Through:		
2014 Lump Sum:		
2015 Lump Sum:		
2016 Lump Sum:		
<b>Other</b>		
January 1, 2015 COLA:		
Annual COLA:		
Partial Lump-Sum:	No	No
2014 SAF Credit:	9.00%	9.00%

These plan projections are estimates and are only intended to assist you in your budget planning. The projections are based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated above). As our information database is revised and actual plan experience turns out to be different from the actuarial assumptions, plan assets, liabilities and employer required rates will change.

EXHIBIT B

**Denton County Transportation Authority Retirement Plan  
Funding Projection Summary**

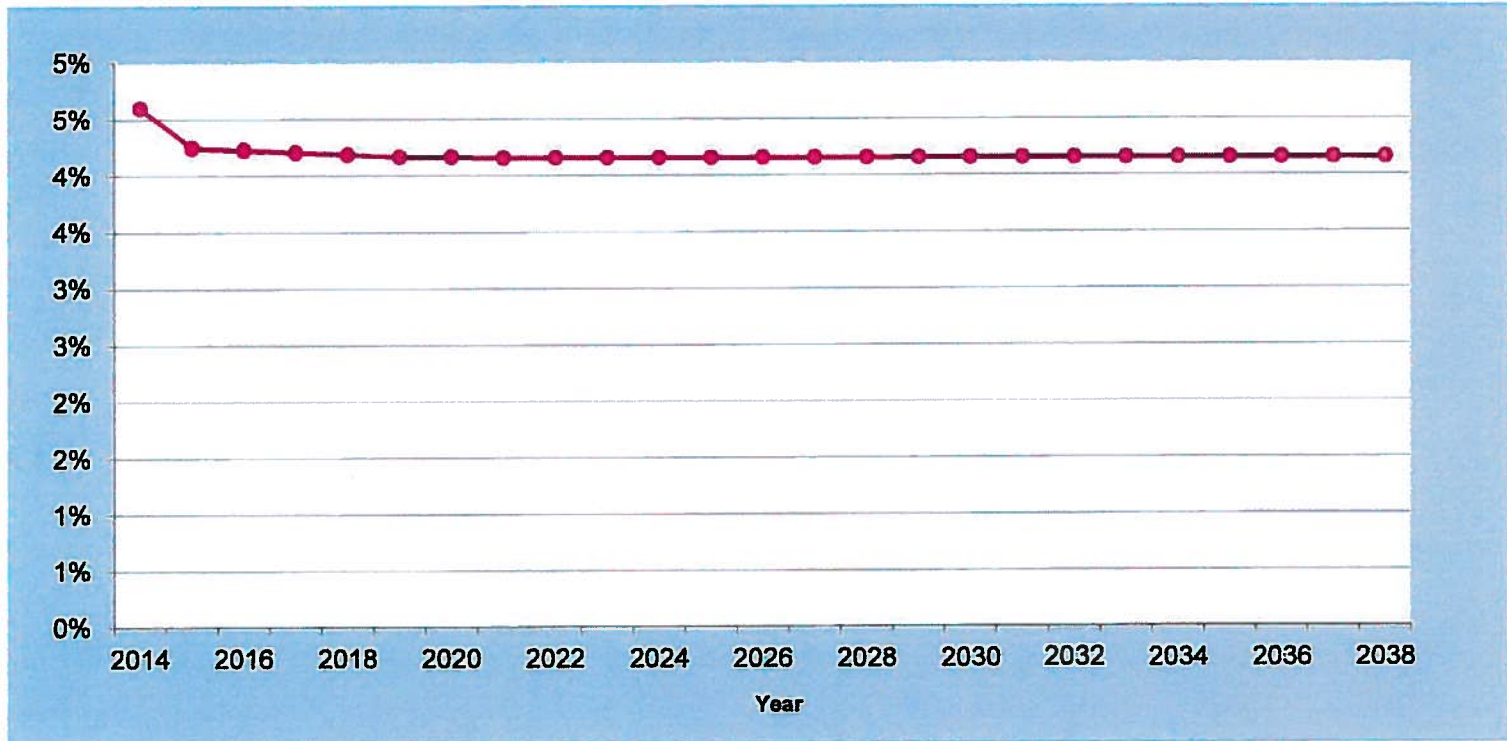
Funding Projections based on Dec. 31, 2013 Actuarial Valuation

Elected Rate:           None                           None

Year	Required Contribution Rate	
	Current Plan	Proposed Plan #1
2014	4.60%	4.60%
2015	4.25%	5.92%
2016	4.23%	5.90%
2017	4.21%	5.88%
2018	4.19%	5.86%
2019	4.17%	5.84%
2020	4.17%	5.84%
2021	4.16%	5.84%
2022	4.16%	5.84%
2023	4.16%	5.84%
2024	4.16%	5.84%
2025	4.16%	5.84%
2026	4.16%	5.84%
2027	4.16%	5.84%
2028	4.16%	5.84%
2029	4.16%	5.84%
2030	4.16%	5.45%
2031	4.16%	5.45%
2032	4.16%	5.45%
2033	4.16%	5.45%
2034	4.16%	5.45%
2035	4.16%	5.45%
2036	4.16%	5.46%
2037	4.16%	5.46%
2038	4.16%	5.46%

EXHIBIT B

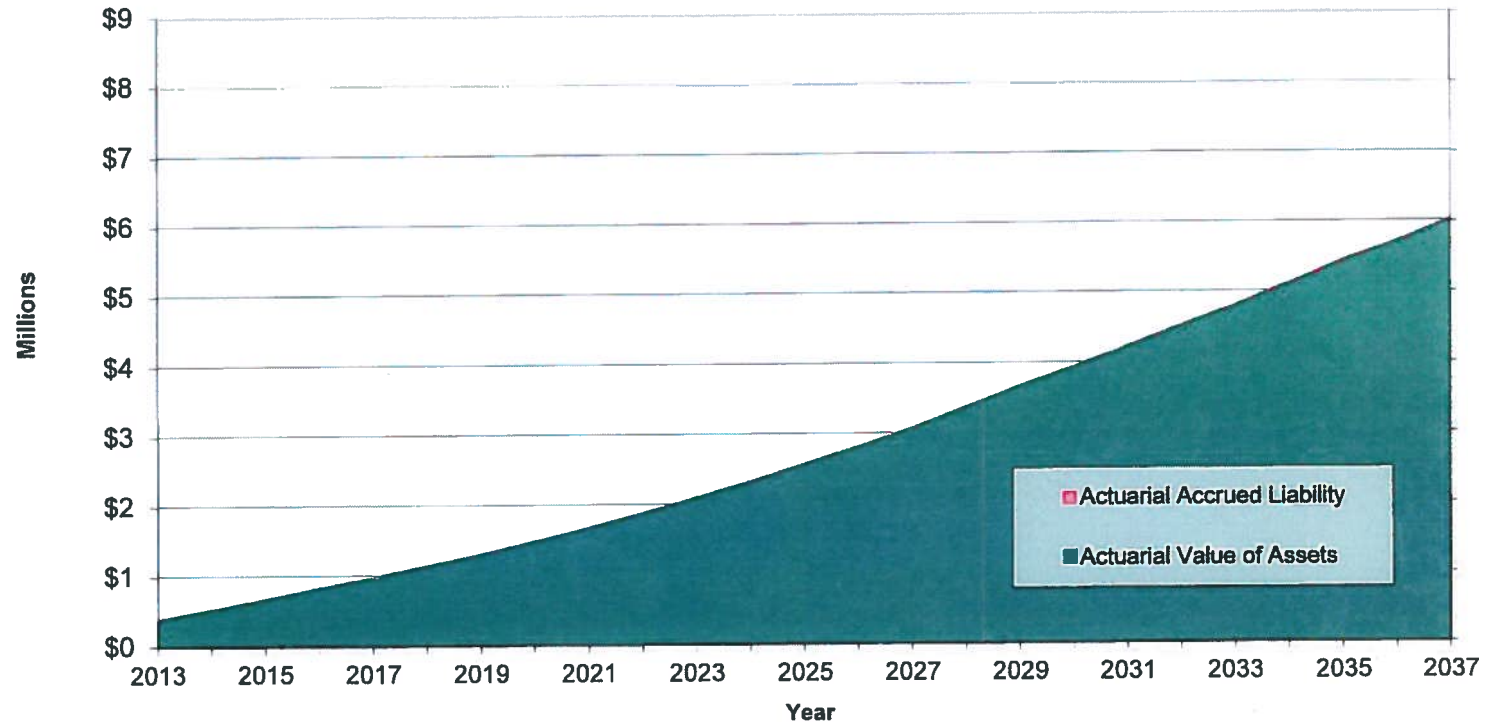
### Denton County Transportation Authority Retirement Plan Projection of Current Plan Required Contribution Rate



This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated on page 1). This projection assumes the current plan effective January 1, 2014 (listed on page 1).

EXHIBIT B

### Denton County Transportation Authority Retirement Plan Projection of Current Plan Assets and Liabilities



The difference between the actuarial accrued liability and the actuarial value of assets represents the unfunded actuarial accrued liability (the red area).

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated on page 1). This projection assumes the current plan effective January 1, 2014 (listed on page 1).

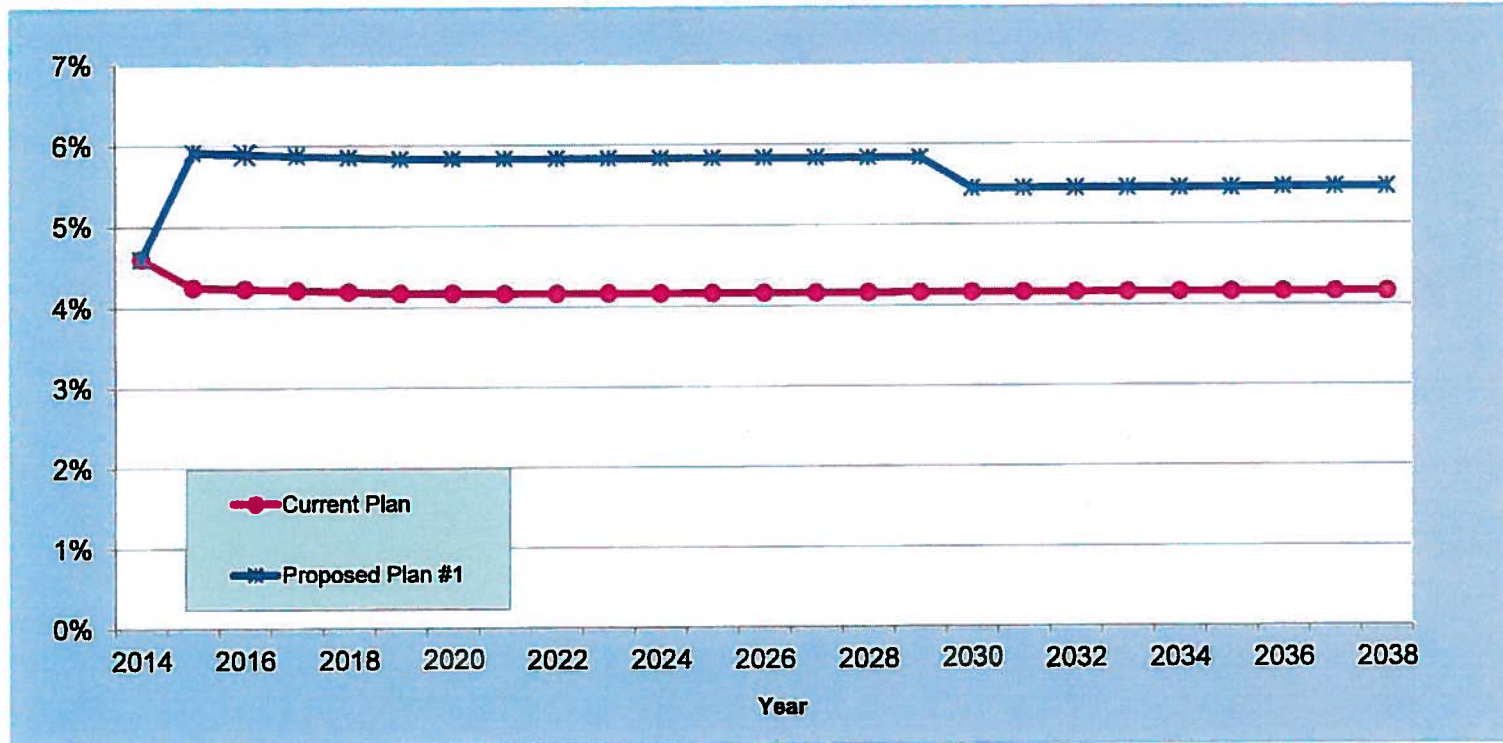
EXHIBIT B

**Denton County Transportation Authority Retirement Plan  
Current Plan Projections**

Contribution Information		Projected Valuation Results				
Year	Required Contribution Rate	Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
2014	4.60%	12/31/2013	\$386,000	\$369,000	\$17,000	95.7%
2015	4.25%	12/31/2014	523,000	514,000	9,000	98.3%
2016	4.23%	12/31/2015	665,000	659,000	6,000	99.1%
2017	4.21%	12/31/2016	821,000	818,000	3,000	99.6%
2018	4.19%	12/31/2017	971,000	970,000	1,000	99.9%
2019	4.17%	12/31/2018	1,133,000	1,133,000	0	100.0%
2020	4.17%	12/31/2019	1,301,000	1,301,000	0	100.0%
2021	4.16%	12/31/2020	1,482,000	1,482,000	0	100.0%
2022	4.16%	12/31/2021	1,673,000	1,673,000	0	100.0%
2023	4.16%	12/31/2022	1,877,000	1,877,000	0	100.0%
2024	4.16%	12/31/2023	2,097,000	2,097,000	0	100.0%
2025	4.16%	12/31/2024	2,320,000	2,320,000	0	100.0%
2026	4.16%	12/31/2025	2,566,000	2,566,000	0	100.0%
2027	4.16%	12/31/2026	2,812,000	2,812,000	0	100.0%
2028	4.16%	12/31/2027	3,071,000	3,071,000	0	100.0%
2029	4.16%	12/31/2028	3,369,000	3,369,000	0	100.0%
2030	4.16%	12/31/2029	3,664,000	3,664,000	0	100.0%
2031	4.16%	12/31/2030	3,942,000	3,942,000	0	100.0%
2032	4.16%	12/31/2031	4,228,000	4,228,000	0	100.0%
2033	4.16%	12/31/2032	4,519,000	4,519,000	0	100.0%
2034	4.16%	12/31/2033	4,802,000	4,802,000	0	100.0%
2035	4.16%	12/31/2034	5,113,000	5,113,000	0	100.0%
2036	4.16%	12/31/2035	5,438,000	5,438,000	0	100.0%
2037	4.16%	12/31/2036	5,705,000	5,705,000	0	100.0%
2038	4.16%	12/31/2037	6,025,000	6,025,000	0	100.0%

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated on page 1). This projection assumes the current plan effective January 1, 2014 (listed on page 1).

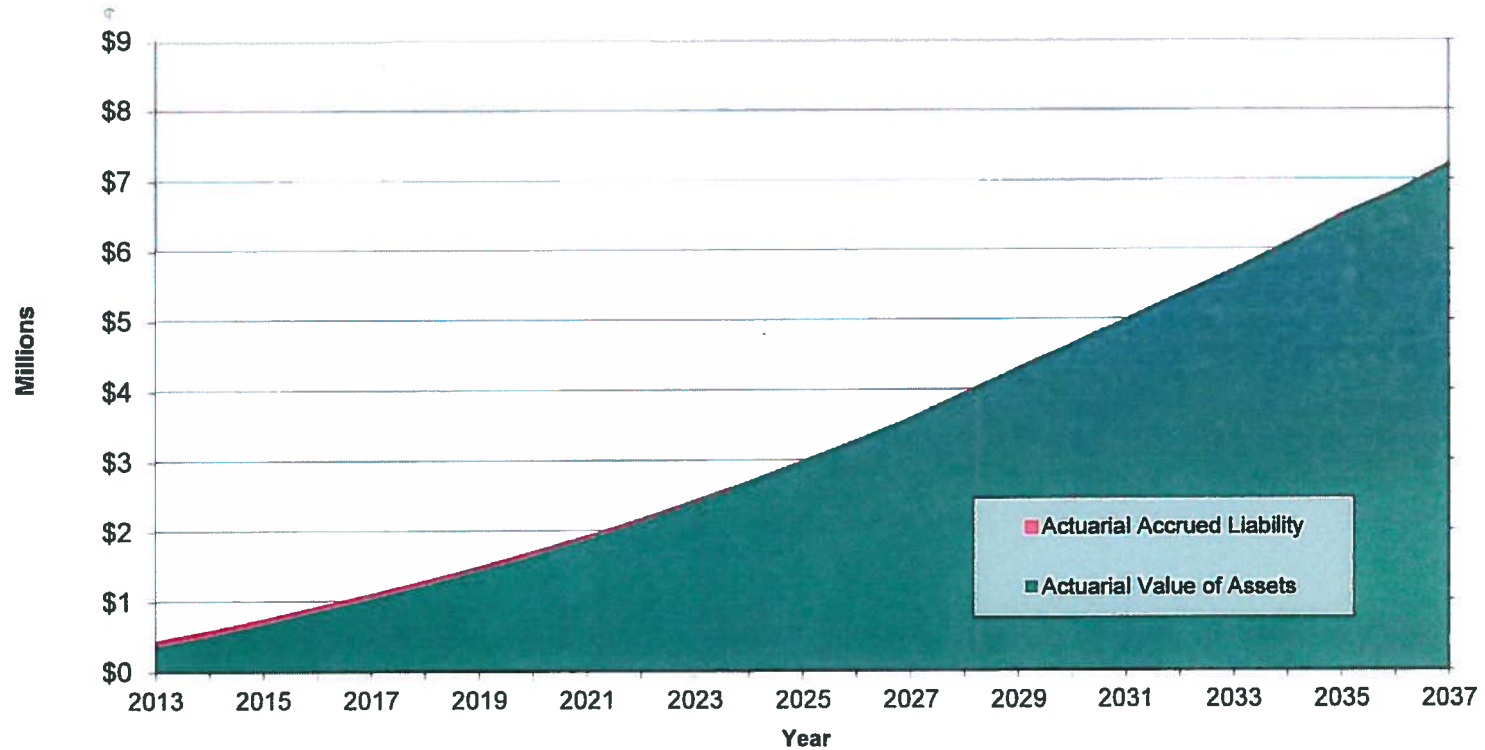
## Denton County Transportation Authority Retirement Plan Projection of Proposed Plan #1 Required Contribution Rate



This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated on page I). This projection assumes the proposed plan #1 effective January 1, 2015 (listed on page I).



## Denton County Transportation Authority Retirement Plan Projection of Proposed Plan #1 Assets and Liabilities



The difference between the actuarial accrued liability and the actuarial value of assets represents the unfunded actuarial accrued liability (the red area).

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated on page 1). This projection assumes the proposed plan #1 effective January 1, 2015 (listed on page 1).



EXHIBIT B

**Denton County Transportation Authority Retirement Plan  
Proposed Plan #1 Projections**

Contribution Information		Projected Valuation Results				
Year	Required Contribution Rate	Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
2014	4.60%	12/31/2013	\$426,000	\$369,000	\$57,000	86.5%
2015	5.92%	12/31/2014	568,000	515,000	53,000	90.7%
2016	5.90%	12/31/2015	732,000	683,000	49,000	93.3%
2017	5.88%	12/31/2016	913,000	869,000	44,000	95.2%
2018	5.86%	12/31/2017	1,089,000	1,049,000	40,000	96.3%
2019	5.84%	12/31/2018	1,279,000	1,241,000	38,000	97.0%
2020	5.84%	12/31/2019	1,478,000	1,443,000	35,000	97.6%
2021	5.84%	12/31/2020	1,692,000	1,659,000	33,000	98.0%
2022	5.84%	12/31/2021	1,918,000	1,888,000	30,000	98.4%
2023	5.84%	12/31/2022	2,161,000	2,134,000	27,000	98.8%
2024	5.84%	12/31/2023	2,422,000	2,398,000	24,000	99.0%
2025	5.84%	12/31/2024	2,689,000	2,669,000	20,000	99.3%
2026	5.84%	12/31/2025	2,983,000	2,966,000	17,000	99.4%
2027	5.84%	12/31/2026	3,278,000	3,266,000	12,000	99.6%
2028	5.84%	12/31/2027	3,590,000	3,582,000	8,000	99.8%
2029	5.84%	12/31/2028	3,947,000	3,944,000	3,000	99.9%
2030	5.45%	12/31/2029	4,303,000	4,305,000	-2,000	100.0%
2031	5.45%	12/31/2030	4,643,000	4,645,000	-2,000	100.0%
2032	5.45%	12/31/2031	4,994,000	4,996,000	-2,000	100.0%
2033	5.45%	12/31/2032	5,353,000	5,355,000	-2,000	100.0%
2034	5.45%	12/31/2033	5,704,000	5,706,000	-2,000	100.0%
2035	5.45%	12/31/2034	6,089,000	6,091,000	-2,000	100.0%
2036	5.46%	12/31/2035	6,492,000	6,494,000	-2,000	100.0%
2037	5.46%	12/31/2036	6,828,000	6,830,000	-2,000	100.0%
2038	5.46%	12/31/2037	7,227,000	7,229,000	-2,000	100.0%

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2013 actuarial valuation, including a long-term investment return assumption of 8% per year (2014 SAF Credit is indicated on page 1). This projection assumes the proposed plan #1 effective January 1, 2015 (listed on page 1).

**DENTON COUNTY TRANSPORTATION AUTHORITY  
RESOLUTION NO. 14-XX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT "A"; APPOINTING THE INVESTMENT OFFICERS AND AUTHORIZING INVESTMENT TRANSACTIONS ON BEHALF OF THE DCTA; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, it is the policy of the DCTA that the administration of its funds and the investment of those funds shall be handled as its highest public interest; and

**WHEREAS**, investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the DCTA and conforming to all applicable state statutes governing the investment of public funds; and

**WHEREAS**, in accordance with the Public Funds Investment Act, Chapter 2256, TEXAS GOVERNMENT CODE, the Board of Directors by resolution adopted an investment policy; and

**WHEREAS**, Section 2256.005, Tex. Government Code requires the Board of Directors to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and recording any changes made to either the investment policies or investment strategies.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THAT:**

**SECTION 1.** The DCTA Investment Policy attached hereto as Exhibit "A" be and the same is hereby adopted and shall govern the investment policies and investment strategies for the DCTA, and shall define the authority of the investment officials of the DCTA from and after the effective date of this resolution.

**SECTION 2.** The Board of Directors of the DCTA has completed its review of the investment policies and investment strategies and any changes made to either the investment policies or investment strategies are recorded in Exhibit "A" hereto.

**SECTION 3.** The DCTA Chief Financial Officer, Anna Mosqueda, is hereby designated the Investment Officer, and DCTA President, Jim Cline, is designated as the alternate investment officer.

**SECTION 4.** The Investment Officer and Alternate Investment Officer are hereby authorized to engage in investment transactions on behalf of DCTA.

**SECTION 5.** The Investment Officers authorized by this resolution shall also be authorized to approve wire transfers and other funds transfer methods used in the process of investing.

**SECTION 6.** The Investment Officers shall designate a liaison/deputy in writing in the event circumstances require timely action and the Investment Officers are unavailable.

**SECTION 7.** That all provisions of the resolutions of the Board of Directors of the DCTA in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

**SECTION 8.** This resolution shall become effective immediately upon its passage and approval.

**DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE \_\_\_ DAY OF OCTOBER, 2014.**

**APPROVED:**

\_\_\_\_\_  
Charles Emery, Chairman

**ATTEST:**

\_\_\_\_\_  
Richard Huckaby, Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Peter G. Smith, General Counsel  
(PGS:9-20-13:TM 62476)

# EXHIBIT "A"

## DENTON COUNTY TRANSPORTATION AUTHORITY INVESTMENT POLICY

### I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy is that the administration of its funds and the investment of those funds shall be handled as its highest public trust Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, Board Policy, and the management of banking services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to be in complete compliance with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). Investment earnings will be used in a manner that best serves the interests of DCTA.

### II. SCOPE

This investment policy applies to all the financial assets and funds of DCTA. However, this policy does not apply to the assets administered for the benefit of DCTA by outside agencies under deferred compensation programs.

DCTA may commingle its funds into one pooled investment fund for investment purposes for efficiency, and maximum investment opportunity.

### III. OBJECTIVES AND STRATEGY

DCTA's policy is that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety of principal, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit, and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To best meet anticipated cash flow requirements, the weighted average maturity (WAM) of the overall portfolio may not exceed 18 months.

#### Safety of Principal

Safety of principal is the foremost objective of DCTA. Investments of DCTA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years or no further than expected project cashflow forecasts, limiting investment types to those specifically authorized by this policy, diversifying investments, and monitoring credit ratings on selected investment types.

## EXHIBIT "A"

### Liquidity

DCTA's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in investments that offer same-day liquidity for unanticipated cash demands. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

### Diversification

The portfolio will be diversified by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding, as defined herein, will be used on each sale and purchase.

### Yield

DCTA's investment portfolio shall be designed with the objective of attaining a market yield-to-maturity taking into account DCTA's risk constraints and the cash flow needs of the portfolio. "Market yield-to-maturity" may be defined as the rolling average yield of the current six-month Constant Maturity Treasury (CMT).

DCTA has selected the weighted-average yield-to-maturity as its preferred measure of investment performance. The weighted-average yield-to-maturity shall be calculated on a monthly basis by multiplying each individual security's yield-to-maturity at time of purchase by its book value, totaling the product of these calculations, and dividing by the total book value of the portfolio.

## **IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY**

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits. All investments will be made in accordance with these statutes.

## **V. DELEGATION OF INVESTMENT AUTHORITY**

The Chief Financial Officer acting on behalf of DCTA is designated as the Investment Officer and the President of DCTA is designated as the Alternate Investment Officer of DCTA. The Investment Officer is responsible for investment management decisions and activities. The Investment Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include Master Repurchase Agreements (as applicable), wire transfer agreements, banking services contracts and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall regulate the activities of subordinate officials and staff. The Investment Officer shall designate in writing a

## EXHIBIT "A"

staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer and Alternate Investment Officer are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

### Authorization Resolution

A Trading Resolution is established with this investment policy and attached hereto authorizing the Investment Officer to engage in investment transactions on behalf of DCTA. The persons authorized by the Trading Resolution to transact business for DCTA are also authorized to approve wire transfers used in the process of investing.

## VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states that:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

### Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate actions are taken to control adverse market effects.

## VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of DCTA. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees of the DCTA.

### Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of DCTA. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

## VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

A. Obligations of the United States Government, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), agencies and instrumentalities and government sponsored enterprises, excluding collateralized

## EXHIBIT "A"

mortgage obligations (CMO's), not to exceed two years to stated maturity with the exception of project funds which may be invested in longer maturities but not to exceed forecasted expenditure dates;

B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed two years to stated maturity. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD insured by the Federal Deposit Insurance Corporation (FDIC) may be purchased through a broker that has its main office in Texas and is selected from a list adopted by the DCTA board or a selected depository institution with its main office or branch office in Texas. This broker or depository shall act as the custodian for the various certificates on behalf of DCTA.

C. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flexible repurchase agreements used specifically for capital projects may extend beyond the 180 day stated limitation, but shall not exceed the expenditure plan of the projects;

D. No-load SEC-registered money market funds, each approved specifically before use by DCTA;

E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and,

If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by DCTA until this policy has been amended and the amended version approved by the DCTA Board.

### Competitive Bidding Requirements

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that DCTA is receiving fair market value/price for the investment.

### Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by DCTA, shall be conducted on a delivery versus payment (DVP) basis.

## **IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

All investments made by DCTA will be made through either DCTA's banking services bank or a primary dealer. DCTA will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- A. provision of an audited financial statement each year,
- B. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number,

## EXHIBIT "A"

- C. proof of current registration with the State Securities Commission, and
- D. Completion of a DCTA questionnaire.

Every broker/dealer and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to DCTA.

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy, and without any discretionary authority to transact business on behalf of DCTA.

If DCTA has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of DCTA. The advisor shall recommend broker selection criteria to the DCTA Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to the DCTA for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities. The advisor shall obtain and document competitive bids and offers on all transactions and present these to DCTA as part of its trade documentation.

### X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is DCTA's policy to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 75%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	50%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements.



## EXHIBIT "A"

Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period of greater than two (2) years.

### XI. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery-versus-payment (DVP) basis and be held in safekeeping by either DCTA, an independent third party financial institution, or DCTA's designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to DCTA listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for DCTA or pledged to DCTA.

All securities pledged to DCTA for certificates of deposit or demand deposits shall be held by an independent third-party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

#### Collateralization

Collateralization is required on time and demand deposits over the FDIC insurance coverage of \$250,000, and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

### XII. PERFORMANCE EVALUATION AND REPORTING

A comprehensive quarterly investment report shall be prepared by the Investment Officer or Investment Advisor within ten (10) days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by the Texas Public Funds Investment Act, the report will:

- A. describe in detail the investment position of DCTA on the date of the report;
- B. be signed by the Investment Officer
- C. contain a summary statement that states:
  - a. beginning book and market value for the reporting period;
  - b. ending book and market value for the period; and
  - c. fully accrued interest for the reporting period;
- D. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the account or fund for which each investment security was purchased;
- G. compare the portfolio's performance to other benchmarks of performance; and
- H. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy, and the Public Funds Investment Act.

## **EXHIBIT "A"**

### **XIII. DEPOSITORIES**

DCTA will designate one banking institution through a competitive process as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which DCTA may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to DCTA.

### **XIV. TRAINING REQUIREMENT**

The DCTA Investment Officer shall attend at least one investment training session within twelve months of taking office or assuming duties, and not less often than once in a two-year period that begins on the first day of the fiscal year and consists of the two consecutive years after that date, and shall receive not less than ten hours of instruction relating to investment responsibilities. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment I for a list of Board approved independent investment training sources. Contingent upon Board approval, additional "independent sources" from which investment training may be obtained shall include a professional organization, an institute of higher learning, or any sponsor other than a business organization with whom DCTA may engage in an investment transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

### **XV. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of DCTA.

An Investment Officer of DCTA who has a personal business relationship with an organization seeking to sell an investment to DCTA shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to DCTA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the DCTA Board of Directors.

### **XVI. SUBJECT TO AUDIT**

A formal annual review of the investment reports will be performed by an independent auditor with the results reported to the Board. All collateral shall be subject to inspection and audit by the DCTA Treasurer or DCTA's independent auditors.

### **XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD**

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board or a designated Committee of the

## **EXHIBIT "A"**

Board. A written resolution approving that review, and changes to the policy from the review, will be passed and recorded by the Board.

Previous Action:

Adopted September 26, 2013

# EXHIBIT "A"

## Attachment 1

### Board Approved Independent Investment Training Sources

1. Texas Municipal League (TML)
2. Government Finance Officers Association (GFOA)
3. Government Finance Officers Association of Texas (GFOAT)
4. North Central Texas Council of Governments
5. Texas Higher Education Coordinating Board



300 W. 6th Street  
Suite 1940  
Austin, Texas 78701

512-481-2009 Direct  
800-575-3792 Toll Free  
512-481-2020 Fax

**Scott McIntyre**  
Senior Vice President

scott.mcintyre@firstsw.com

## POLICY REVIEW

October 10, 2014

Ms. Anna Mosqueda  
Chief Financial Officer  
Denton County Transportation Authority  
1660 South Stemmons, Suite 250  
Lewisville, TX 75067

Dear Anna:

As requested, FirstSouthwest Asset Management, Inc. has performed a review of the Denton County Transportation Authority ("DCTA") written investment policy to determine compliance with the Texas Public Funds Investment Act (the "Act"), Texas Government Code, Chapter 2256. Our review was limited in scope, with the primary purpose being to evaluate conformity with the Act. We did not seek to ensure that all funds and procedures are addressed in the policy, nor have we reviewed compliance with the policy or internal controls of DCTA. Based upon our review, we have reached the following conclusion:

The Texas Legislature did not meet in 2014, so there have been no amendments to the Act. All previously written requirements of the Act are included within the current policy. As a result, we do not recommend any changes to the Denton County Transportation Authority investment policy this year.

If you have any questions regarding this policy, please contact me at 1-800-575-3792 or directly at (512) 481-2009.

Sincerely yours,

Scott McIntyre, CFA  
Senior Vice President

Cc: Ms. Marisa Perry

## Finance Committee Memo

October 20, 2014

### Item 1 (c) Discussion of Financial Ratios

#### Background:

Ratios are the real performance indicators. The key to effective financial management lies in knowing which ratios to track and what they can really tell you about an operation. In and of themselves, the raw numbers on a Statement of Net Position (Balance Sheet), Statement of Change in Net Assets (Income Statement) and cash flow statement have limited value. Of far greater value, when it comes to evaluating financial performance are certain ratios that can be extracted from these documents.

The key is to look beyond the numbers and pay close attention to the relationships between the numbers and the trends. This is for discussion and recommendations of the Finance Committee regarding key performance indicators that would help provide a more concise overview of the agency's performance. These would be developed and presented either on an annual or quarterly basis to the Board.

#### Identified Need:

When tracked and measured on a regular basis, key financial ratios allow the board and stakeholders to:

- get a more accurate reading of the agency's financial performance
- compare performance against the previous year, the current budget and the industry as a whole
- establish benchmarks to see where the agency is going and how it is doing

DCTA completed a major capital project with the completion of the A-train. September 2014 marked the completion of the 3<sup>rd</sup> full year of rail operations. It is important to establish some performance indicators that will help provide the visibility and oversight to continue to move the agency successfully to the next stages of growth.

**Financial Impact:** None

**Recommendation:** For discussion only

Submitted by: Anna Mosqueda  
Chief Financial Officer



## **Board of Directors Memo**

**October 23, 2014**

### **Item: WS 2(b) Legislative Committee Chair Report**

The Legislative Committee Meeting was held at 12:32 p.m., October 16, 2014 at DCTA Administrative Offices located at 1955 Lakeway Drive, Ste. 260 in Lewisville, Texas 75065.

#### **Committee Attendance**

Committee Chair: Charles Emery

Committee Members: Paul Pomeroy, Daniel Peugh, and Richard Huckaby

Board Members: Carter Wilson

Absent: Jim Robertson

Staff: Kristina Brevard, Jim Cline, Anna Mosqueda, Leslee Bachus

A complete copy of the handouts from the Legislative Committee meeting is attached. The following agenda items were discussed:

#### **Legislative Issues**

DCTA's State Legislative consultant (Capitol Insight, Drew Campbell, Byron Campbell, and Brandi Bird) lead the discussion of State issues leading to the upcoming Legislative Session. The Committee discussed two primary items.

The first was the Regional Transportation Council (RTC) Legislative Agenda. Key elements were discussed. The Committee consensus supported the approval of the agenda to be considered at the upcoming RTC meeting.

The second was DCTA's legislative agenda. Draft language has yet to be received from legislative counsel, and it is expected in short order. No changes were made to the legislative agenda, but two items for support were proposed by staff. San Antonio VIA is pursuing legislative action on 1) permitting buses to operate on shoulders; and 2) relief from on-road diesel fuel taxes for transit vehicles. These will be discussed further in the coming months.

The meeting adjourned at 1:39 p.m.

#### **Legislative Committee**

Chairman – Charles Emery

Members – Richard Huckaby, Daniel Peugh, Paul Pomeroy, Jim Robertson

Staff Liaison – Kristina Brevard, VP of Strategic Planning & Development

Regional Transportation Council Legislative Program  
 84th Texas Legislature

LEGISLATION TO ACTIVELY PURSUE

1. Retain limited authority for TxDOT to enter into public-private partnerships on specific projects.

- IH 635 East Project
- ~~North Tarrant Express Section 3C~~
- Trinity Parkway (if requested by NTTA)
- Any CDA project previously approved by the Texas Legislature needing an extension

<b>CDA Projects Approved in 2013 - 83<sup>rd</sup> Texas Legislature</b>
SH 183/Loop 12/SH 114
North Tarrant Express
IH 35E/US 67
Loop 9
<b>CDA Projects Approved in 2011 - 82<sup>nd</sup> Texas Legislature</b>
IH 35E Managed Lanes from IH 635 to US 380
North Tarrant Express
SH 183 Managed Lanes from SH 161 to IH 35E

~~2. Support full funding for the Low Income Repair and Replacement Assistance Program (LIRAP), also known as the AirCheckTexas Drive a Clean Machine Program, and Local Initiative Projects (LIP), the component of LIRAP which consists of an emissions enforcement program combating the exploitation of counterfeit, fictitious and improper state inspection certificates. Options to achieve this include:~~

- ~~• Appropriate all revenue generated through the LIRAP/LIP program~~
- ~~• Exchange the LIRAP fee for a county emissions fee so the funds are collected and administered locally~~
- ~~• Change the collection point of the current LIRAP fee to the county tax assessor/collector rather than the Comptroller~~
- ~~• Expand the eligibility of projects that can be funded through the LIRAP program~~

2. Support the Low Income Repair and Replacement Assistance Program (LIRAP), also known as the AirCheckTexas Drive a Clean Machine Program, and Local Initiative Projects (LIP) through the following principles:

- Appropriate all unspent and future revenue generated by LIRAP through the existing collection point
- Expand the eligibility of projects funded by LIP to include more transportation system improvements including:
  - Emissions enforcement programs, Low-Cost Intersection Improvements, Intelligent Transportation Systems, Bottleneck Improvements, Traffic Signal Progression, Freeway Incident Management Strategies, Alternative Fuel Vehicles/Infrastructure and Idle-Reduction Measures
- Allow county oversight of LIP project selection and fund distribution
  - Reserve a minimum threshold of 40% of funds for LIRAP
  - Allow counties the ability to exchange funds with other counties in the region to meet a regional minimum LIRAP threshold of 40%



3. **Identify additional transportation revenue** to enhance statewide and regional ability to maintain and improve the multimodal transportation system. Provide metropolitan areas with flexible solutions to solve problems and ensure that areas contributing to transportation solutions will not be penalized with a loss of traditional transportation funding. Ensure a fair allocation of all funding categories across the State by either a direct formula or through partnerships with Districts/Commission. End diversions of transportation revenue to non-transportation purposes. Redirect a portion of the motor vehicle sales tax to fund transportation.
4. **High-Speed Rail**  
Provide TxDOT with all the legal ability to implement high-speed rail as they have roadways such as oversight, procurement and funding development. (Pending TxDOT/DFW High-Speed Rail Commission)

## LEGISLATION TO SUPPORT

### Air Quality

- ✓ Require emissions testing on all On-Board Diagnostic (OBD) II compliant vehicles.
- ~~• Require dual testing (OBD and acceleration simulation mode (ASM)) of model years 1996-2004 vehicles.~~
- Support full funding of the Texas Emissions Reduction Plan (TERP), fund the most cost-effective emissions reduction projects ~~(need for real-world emissions reductions)~~, consider funding for transportation projects focused on goods movement with air quality benefits.
- ✓ Allow TERP funds to be used for staff time for third-party TERP grants.
- ✓ Reinstate the prohibition of idling near sensitive areas and remove 30 minute bus exemption in school zones.
- ~~• Establish a fuel neutral tax stream to fund the transportation system in order to ensure revenue generation is not contradictory to efforts to increase energy independence through increased use of alternative fuel and advanced technology vehicles (VMT tax or equitable road use fee).~~
- Shift to a VMT tax rather than a fuel tax in order to ensure revenues are not lost due to increased fuel efficiency over time.
- Develop a workable, equitable road use fee for plug-in electric vehicle (PEV) owners to participate in gasoline tax-like highway funding.
- ✓ Establish registration program for non-road equipment such as construction and agricultural machinery.
- ✓ Ensure that all state and local agencies have authority to charge roadway maintenance impact fees for natural gas drilling trucks, or any other major operation, that contribute to premature deterioration of roadways.
- Allow TCEQ the ability to contract directly with a council of governments or metropolitan planning organization (MPO) for regional administration of LIRAP and/or LIP if a participating county does not wish to administer the programs at the county-level.

### Congestion Management & System Operations

- Recognize mobility assistance patrols as emergency responders as it relates to traffic incident response; comparable to the inclusion of tow-trucks and TxDOT vehicles in the Move Over law; support inclusion of NTTA vehicles in Move Over law.
- ✓ Ban the use of hand-held communications devices in work zones.
- ✓ Establish a standard minimum fine for traffic violations in work zones and allow signs to be posted in work zones displaying the minimum fine. Allow municipalities to retain the right to increase the fine amount.

- ✓ Support the adoption of a statewide three foot passing law requiring motorists to give cyclists at least three feet of clearance when passing from the rear and/or the expansion of the Move Over law to include bicycles.
- ✓ Support an education campaign to ensure that bicyclists understand correct and safe bicycle operations on public streets.
- ✓ Allow video archiving of Intelligent Transportation System closed-circuit television cameras for a 24-hour period for transportation safety training and transportation security purposes. Exempt archived video from the Public Information Act.
- ✓ Allow the use of technology to verify HOV/managed lane vehicle occupants.

### **Aviation**

- ✓ Enhance opportunities to link transportation and land use surrounding military installations and public use airports:
  - ✓ Establish compatible land use regulations for public use airports to minimize the effects of urban encroachment.
  - ✓ Support legislation that promotes compatible growth that lessens the impact on military installations and provides options for cities and counties to manage growth.
  - ✓ Support legislation that provides tools that can be used at the local level to promote compatible growth around military installations and public use airports.
  - ✓ Support legislation that establishes organizational structures to accomplish objectives that are voluntary collaborations of local entities rather than top-down mandated structures.
- ✓ Provide additional funding mechanisms to support airport development for public use airports to meet future demand.
- Support the safe, secure, and timely implementation of emerging technologies, such as NextGen and Unmanned Aircraft Systems (UAS), to enhance the regional air transportation system.
- Provide tools that support and promote Science, Technology, Engineering, and Mathematics (STEM) through aviation and aerospace careers.

### **Transportation-Land Use Connection**

- ✓ Provide appropriate authority to counties based upon a request by the county commissioner's court, including limited land use authority, to ensure the provision of adequate infrastructure and protect the health, welfare and property values in rapidly growing unincorporated areas.
- ✓ Support the accommodation of integrated, multimodal travel on all roadway facilities on new and redevelopment projects, including vehicles, bicycles and pedestrians.
- Support existing funding programs/initiatives that maintain or increase current investments in bicycle and pedestrian infrastructure and non-infrastructure projects.

### **Planning**

- ✓ Support additional legislative tools for NCTCOG and its regional partners to implement high-priority, multi-modal regional projects.
- ✓ Support legislation that would limit the imposition of damages against a Class I railroad that allows a public entity to use the railroad's property or tracks for the provision of public passenger rail service.
- Support the State planning process to improve the Statewide Freight Plan and multimodal system.
- ✓ Direct conservation planning agencies, collectively known as resource agencies, to participate in the transportation planning consultation process during long-range transportation planning in order to receive funding and expedite transportation projects.

- ✓ Allow for additional flexibility of the State Highway Fund to include transit projects as eligible to receive funds, in addition to current eligible projects.
- ✓ Require the Texas Transportation Institute to work with MPOs to develop criteria for Rider 42; allow criteria to be more system oriented rather than project specific.
- Require notification of natural gas well drilling when the action will occur within certain distance of interstate highways, state highways, county roads or passenger rail facilities.

## LEGISLATION TO MONITOR

- ✓ Maintain local authority to implement red-light cameras and maintain current revenue sharing with the State.
- ✓ Oppose legislation permitting triple-tandem trucks on state highway facilities.
- ✓ Protect all transportation resources and revenues and the authority and flexibility achieved since the 78<sup>th</sup> Texas Legislature.
- ✓ Protect local flexibility for membership of MPO policy boards with at least 75 percent elected officials.
- ✓ Provide local governments, transit entities, and the State a common base for taxable goods and services, including any goods and services newly taxed by the Legislature.
- Review the continued need for eminent domain authority of private toll road corporations.



1955 Lakeway Dr., # 260  
Lewisville, Texas 75057

Denton County Transportation Authority  
Board of Directors  
Work Session and Board Meeting Minutes

## Work Session Minutes

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 1:30 p.m. September 25, 2014 at 1955 Lakeway Dr., # 260 Lewisville, Texas 75057 . A quorum was present.

### Attendance

#### Small Cities

Skip Kalb

#### Large Cities

Charles Emery, Lewisville, Chairman  
Michael Leavitt, Highland Village, Alternate  
Dave Kovatch, Treasurer (arrived 1:43 p.m.)  
Richard Huckaby, Denton, Secretary  
Carter Wilson, Frisco  
Doug Peach, Little Elm (arrived 2:05 p.m.)  
Daniel Peugh, Corinth  
Jim Robertson, Flower Mound

#### Denton County at Large

#### Denton County Unincorporated

George A. Campbell  
Don Hartman

#### Board Members Absent

Bill Walker  
Allen Harris, The Colony  
Paul Pomeroy, Highland Village, Vice-Chair

#### DCTA Staff

James C. Cline, Jr., P.E.  
Anna Mosqueda, CFO / Sr. VP Finance  
Kristina Brevard, VP Marketing and  
Communications  
Jeff Bennett, Director of Transit Operations  
Amanda Riddle, Budget Coordinator  
Shanna O'Gilvie, Program Manager HR / Grants  
Ann Boulden, Project Manager Capital Projects  
Athena Forrester, Purchasing Manager  
Chrissy Nguyen, Senior Accountant

#### Legal Counsel

Pete Smith, General Counsel

Chairman Charles Emery called the meeting to order and announced the presence of a quorum.

1. Routine Briefing Items
  - a. Financial Reports - Anna Mosqueda presented financial information
    - i. Financial Statements
    - ii. Capital Projects Fund
    - iii. Sales Tax Report
    - iv. Procurement Report

- b. Communications and Marketing – Kristina Brevard reported on these items and presented City of Lewisville 2025 Video
  - i. Marketing and Communications Initiatives
  - ii. Media Coverage
  - iii. Customer Service
- c. Capital Projects Update - Jim Cline presented information on the following topics
  - i. GTW Integration
  - ii. Where's My Ride
  - iii. Bus Operations and Maintenance Facility (O&M)
  - iv. Community Enhancements
  - v. Lewisville Bike Trail
  - vi. Positive Train Control (PTC)
  - vii. Station Improvements
- d. Transit Operations – Kristina Brevard provided an update
  - i. Rail Operations
  - ii. Bus Operations
- e. Strategic Planning / Development – Kristina Brevard provided an update
  - i. Comprehensive Service Analysis
  - ii. Outreach Efforts
- 2. Committee Reports
  - a. Legislative Committee – Legislative Chair Charles Emery introduced Drew Campbell and Brandi Bird to present an update to the Board
  - b. Program Services Committee – Committee Chair Paul Pomeroy reported on Program Services Committee meeting
- 3. Discussion of Regular Board Meeting Agenda Items (September 25, 2014) – no discussion
- 4. Executive Session - none
  - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
  - b. As authorized by Texas Government Code section 551.071 consultation with General Counsel regarding pending litigation Cause No 2011-30066-211; URS Corporation v. Denton County Transportation Authority; 211th District Court, Denton County, Texas.
  - c. Texas Government Code Section 551.072 Deliberation regarding Real Property: Lease of DCTA Property.
  - d. As Authorized by Section 551.074 the Texas Government Code, the Meeting may be Convened into Closed Executive Session for the Purpose of Discussion regarding Annual President's Performance Review.
- 5. Reconvene Open Session n/a
  - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

6. Discussion of Future Agenda Items
  - a. Board Member Requests – none

<Break> 2:52 p.m.



**1955 Lakeway Dr., # 260  
Lewisville, Texas 75057**

Denton County Transportation Authority  
Board of Directors  
Work Session and Board Meeting Minutes

## **Board Meeting Minutes**

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 3:04 p.m. September 25, 2014 at 1955 Lakeway Dr., # 260 Lewisville, Texas 75057. A quorum was present.

### **Attendance**

#### **Small Cities**

Skip Kalb

#### **Large Cities**

Charles Emery, Lewisville, Chairman  
Paul Pomeroy, Highland Village, Vice-Chair  
Dave Kovatch, Treasurer  
Richard Huckaby, Denton, Secretary  
Carter Wilson, Frisco  
Doug Peach, Little Elm  
Daniel Peugh, Corinth  
Jim Robertson, Flower Mound

#### **Denton County at Large**

#### **Denton County Unincorporated**

George A. Campbell  
Don Hartman

#### **Board Members Absent**

Bill Walker  
Allen Harris, The Colony

#### **DCTA Staff**

James C. Cline, Jr., P.E.  
Anna Mosqueda, CFO / Sr. VP Finance  
Kristina Brevard, VP Marketing and  
Communications  
Jeff Bennett, Director of Transit Operations  
Amanda Riddle, Budget Coordinator  
Shanna O'Gilvie, Program Manager HR / Grants  
Ann Boulden, Project Manager Capital Projects  
Athena Forrester, Purchasing Manager  
Chrissy Nguyen, Senior Accountant

#### **Legal Counsel**

Pete Smith, General Counsel

CALL TO ORDER – Chairman Charles Emery called the meeting to order and announced the presence of a quorum of the Board.

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS – Doug Peach

INVOCATION – Skip Kalb

## WELCOME AND INTRODUCTION OF VISITORS - Presentation of Agency Awards

- 5 year Service Award
  - Shanna O’Gilvie, Program Manager HR & Grants
  
- South West Transit Association Spotlight Awards – Presented to
  - Rusty Comer, Marketing and Creative Services Coordinator
  - Adrienne Hamilton, Marketing & Communications Specialist
  - Wendy Haun, Marketing Intern
    - 1st place for “EnRoute News” in the Print Media category
    - 1st place for “New Responsive Website Design” in the Social Media category
    - 3rd place for “Heart of Dallas Bowl” in the Event Promotion category

### 1. CONSENT AGENDA

- a. Approval of Minutes August 28, 2014
  - b. Acceptance of Financial Reports
  - c. Authorize the President to execute Letter of Engagement with Weaver and Tidwell, LLP for annual audit services for Fiscal Year ended 9/30/2014
  - d. Authorize the President to execute contract for purchase of utility tractor & implements
  - e. Authorize President to execute contract for the purchase of handheld radios
  - f. Approval of Amendment to President’s Employment Agreement
- Motion to approve Consent Agenda Items 1a-f made by Richard Huckaby. 2<sup>nd</sup> by Dave Kovatch. Motion carried unanimously.

### 2. REGULAR AGENDA

- a. Discussion / Approval of Resolution 14-06 adopting:
  - i. Fiscal Year 2015 Capital & Operating Budget
  - ii. Contingency Plan
  - iii. Cash Flow Model

- Motion to Approve Resolution 14-06 made by Daniel Peugh. 2<sup>nd</sup> by Doug Peach. Motion carried unanimously.
  
- b. Discussion / Approval of Huffines Temporary Access Easement –  
Presentation by Huffines representative Elvio Bruni  
-Motion to Approve Huffines Temporary Access Easement made by Jim Robertson. 2<sup>nd</sup> by Skip Kalb. Motion carried unanimously.
  
- c. Discussion / Approval of 2015 Annual Program of Projects  
-Motion to Approve 2015 Annual Program of Projects made by Skip Kalb. 2<sup>nd</sup> by Dave Kovatch. Motion carried unanimously.
  
- d. Discussion / Approval of Denton County Transportation Authority’s State and Federal Legislative Agenda  
-Motion to Approve Denton County Transportation Authority’s State Legislative Agenda made by Richard Huckaby. 2<sup>nd</sup> by Dave Kovatch. Motion carried. Skip Kalb abstained from the vote citing the appearance of conflict of interest regarding Class 1 Railroad connection.

- e. Discussion / Approval Discussion / Approval of Rail Drainage Improvements
    - i. Approve FY15 Capital Project in the amount of \$250,000 for Drainage Improvements
    - ii. Authorize President to Negotiate and Execute Agreement(s) necessary for engineering, grading and related drainage site work in an amount not to exceed \$250,000
- Motion to Approve Rail Drainage Improvements as listed made by Dave Kovatch. 2<sup>nd</sup> by Daniel Peugh. Motion carried unanimously.
- 3. CHAIR REPORT – Charles Emery gave an update Regional Transportation Issues
    - a. Discussion of Regional Transportation Issues
  - 4. PRESIDENT’S REPORT – Jim Cline reported
    - a. Regional Transportation Update
    - b. Budget Transfers
  - 5. REPORT ON ITEMS OF COMMUNITY INTEREST –
    - a. Pursuant to Texas Government Section 551.0415 the Board of Directors may report on following items: (1) expression of thanks, congratulations, or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming DCTA and Member City events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.
  - 6. CONVENE EXECUTIVE SESSION – none
    - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
  - 7. RECONVENE OPEN SESSION – n/a
    - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
  - 8. ADJOURN 4:13 p.m.

The minutes of the September 25, 2014 meeting of the Board of Directors were passed, and approved by a vote on this 23rd day of October, 2014.

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Charles Emery, Chairman

ATTEST

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Richard Huckaby, Secretary