



DENTON COUNTY
TRANSPORTATION AUTHORITY

1955 Lakeway Dr., # 260, Lewisville, Texas 75057
972.221.4600 | RideDCTA.net

Board of Directors Regular Meeting

May 25, 2017 | 3:00 p.m.*

**or immediately following Board Work Session
scheduled at 1:30 p.m. on May 25, 2017*

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS

INVOCATION

WELCOME AND INTRODUCTION OF VISITORS

1. CONSENT AGENDA

- a. Approval of Minutes for the Board Work Session and Regular Meeting on March 23, 2017
- b. Acceptance of Financial Statements – April 2017
- c. Approval of Award and Contract for Mobile Video Surveillance System

2. REGULAR AGENDA

- a. Discussion/Approval of Resolution 17-02 adopting Revised Fiscal Year 2017 Operating & Capital Budget
- b. Approve Financial Policies
- c. Approval of agreement with Texoma Area Paratransit System (TAPS) for transfer of twelve vehicles.

3. Convene Executive Session. The Board may convene the Regular Board Meeting into Closed Executive Session for the following:

- 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 551.072 Deliberation regarding Real Property: Discuss acquisition, sale or lease of real property related to long-range service plan within the cities of Denton, Lewisville, or Highland Village.

4. Reconvene Open Session

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

5. CHAIR REPORT

- a. Discussion of Regional Transportation Issues
- b. Discussion Legislative Issues
 - i. Regional
 - ii. State
 - iii. Federal

6. PRESIDENT'S REPORT

- a. Budget Transfers
- b. Regional Transportation Issues

7. 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.

8. ADJOURN

Chair – Charles Emery
Vice Chair – Paul Pomeroy

Secretary – Richard Huckaby
Treasurer – Dave Kovatch

Members – Skip Kalb, Doug Peach, Jim Robertson, Tom Winterburn, Don Hartman,
George A. Campbell, Allen Harris, Carter Wilson, Connie White
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 bpedron@dcta.net or calling Brandy Pedron at 972-221-4600.

This notice was posted on 5/19/2017 at 8:26 AM.

Brandy Pedron, Administrative Assistant



Board of Directors

Work Session Minutes

The Board of Directors of the Denton County Transportation Authority convened the work session of the Board of Directors with Charles Emery, Chairman presiding at 1:31 p.m. on April 27, 2017 at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057. A quorum was present.

Attendance

Small Cities

Connie White
Skip Kalb

Large Cities

Charles Emery, Lewisville, Chairman
Paul Pomeroy, Highland Village,
Vice-Chair
Richard Huckaby, Denton, Secretary
Carter Wilson, Frisco
Joshua Graham, Frisco Alternate
Tom Winterburn, Corinth
Allen Harris, The Colony

Denton County Unincorporated

Don Hartman

Board Members Absent

Dave Kovatch, Denton County At Large,
Treasurer
Eric Jensen, Small Cities
Doug Peach, Little Elm
George Campbell, Denton County At
Large
Jim Robertson, Flower Mound

Legal Counsel

Pete Smith

DCTA Staff

Jim Cline, President
Raymond Suarez, Chief Operating
Officer
Kristina Brevard, Vice President
Planning and Development
Anna Mosqueda, Chief Financial Officer
Nicole Recker, Vice President,
Marketing and Communications

Other Attendees

Marisa Perry, Controller
Chrissy Nguyen, Senior Accountant
Amanda Riddle, Budget Manager
Jeff Bennett, Assistant Vice President,
Transit Operations
David Smith, Citizen
Paul Grimes, City Manager of McKinney
Jim Owen, Transit Management of
Denton County

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

1. Routine Briefing Items
 - a. Staff Briefing on Monthly Financial Reports – Anna Mosqueda, Chief Financial Officer reported on the following
 - i. Financial Statements for March 2017
 - ii. Capital Projects Budget Report for March 2017
 - iii. Monthly Sales Tax Receipts
 - iv. Quarterly Investment Report Q2 FY 2017
 - v. Current Procurement Activities
 - vi. Quarterly Grant Update
 - b. Marketing and Communications – Nicole Recker, Vice President Marketing & Communications, reported on the following
 - i. Collateral Material Overview
 - ii. Q2 FY '17 Metrics Report
 - iii. Service Marketing Update – Highland Village, North Texas Xpress, Frisco Taxi Program, and Denton COA Changes
 - iv. Marketing and Communications Awards
 - c. Strategic Planning and Development – Kristina Brevard, Vice President Planning & Development, reported on the following
 - i. Regional Transportation Planning Update
 - ii. Local Transportation Planning Update
 - iii. Business Development & Partnerships Update
 - d. Capital Projects – Raymond Suarez, Chief Operating Officer, gave an update on the following projects
 - Flood Damage Repairs Update
 - Positive Train Control & Signal System Enhancements
 - e. Staff Briefing on Transit Operations Reports – Raymond Suarez, Chief Operating Officer, gave an update on ridership
 - i. Bus and Rail Operations
2. Items for Discussion – Jim Cline, President, gave an update on the following
 - a. Capital Project Budget for Valley Ridge Railroad Crossing Street Reconstruction
 - b. Capital Project Budget for Trinity Mills Facility
 - c. Capital Project Budget for ShoreTel System
 - d. Capital Project Budget for Fleet {2017}
 - Items 2a. through 2d. were examined above in the Routine Briefing Items discussions
3. Committee Chair Report – Paul Pomeroy gave an update of the Joint Program Services and Finance Committee activities from the April 18, 2017 meeting
 - a. Joint Program Services and Finance Committee (04/18/2017) Paul Pomeroy and Dave Kovatch, chairs

4. Discussion of Regular Board Meeting Agenda Items (April 2017) – There was no discussion on this item
5. Convene Executive Session – The board did not meet in Executive Session
6. Discussion of Future Agenda Items – There was no discussion on this item
 - a. Board Member Requests
7. ADJOURN at 3:10 p.m.

The minutes of the April 27, 2017 regular meeting of the Board of Directors were passed, and approved by a vote on this 25th day of May, 2017.

Charles Emery, Chairman

ATTEST

Richard Huckaby, Secretary



Board of Directors

Board Meeting Minutes

The regular meeting of the Board of Directors of the Denton County Transportation at 3:20 p.m., April 27, 2017 at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057. A quorum was present.

Attendance

Small Cities

Connie White
Skip Kalb

Large Cities

Charles Emery, Lewisville, Chairman
Paul Pomeroy, Highland Village,
Vice-Chair
Richard Huckaby, Denton, Secretary
Carter Wilson, Frisco
Joshua Graham, Frisco Alternate
Tom Winterburn, Corinth
Allen Harris, The Colony

Denton County Unincorporated

Don Hartman

Board Members Absent

Dave Kovatch, Denton County At Large,
Treasurer
Eric Jensen, Small Cities
Doug Peach, Little Elm
George Campbell, Denton County At
Large
Jim Robertson, Flower Mound

Legal Counsel

Pete Smith

DCTA Staff

Jim Cline, President
Raymond Suarez, Chief Operating
Officer
Kristina Brevard, Vice President
Planning and Development
Anna Mosqueda, Chief Financial Officer
Nicole Recker, Vice President,
Marketing and Communications

Other Attendees

Marisa Perry, Controller
Chrissy Nguyen, Senior Accountant
Amanda Riddle, Budget Manager
David Smith, Citizen
Paul Grimes, City Manager of McKinney
Jim Owen, Transit Management of
Denton County
Michelle Bloomer, Assistant Vice
President, Bus Operations and
Maintenance

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

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS – led by Tom Winterburn

INVOCATION – led by Paul Pomeroy

WELCOME AND INTRODUCTION OF VISITORS

- Jim Cline, President, introduced Paul Grimes, City Manager of McKinney

AGENCY AWARDS AND RECOGNITIONS

- Nicole Recker, Vice President, Marketing and Communications named Best Transport Communications Specialist in Texas for Transport News International's 2017 Women in Transport Awards program
- Marketing & Communications team won three awards for the 2017 Hermes Creative Awards programs, and honorable mention award in the 2017 Regan PR Daily Awards, and being named a finalist in the 2017 DFW American Marketing Association (AMA) Marketer of the Year awards.

1. CONSENT AGENDA

- Approval of Minutes for the Board Work Session and Regular Meeting on March 23, 2017
- Acceptance of Financial Statements – March 2017
- Acceptance of Quarterly Investment Report – 2nd Quarter 2017
- Approval of Capital Project Budget Amendment – Valley Ridge Railroad Crossing Street Reconstruction
- Approval of Capital Project Budget Amendment – ShoreTel System
- Approval of Capital Project Budget Amendment – Trinity Mills Facility
- Approval of Capital Project Budget Amendment – Fleet {2017}
- Approval of Fiscal Year 2017 Annual Program of Projects
- Authorization of President to Execute and Agreement for Flume Repair at Rail O&M
- Approval of Award for the Purchase of Automotive Filters
- Approval of the Purchase of Small and Medium Vehicles off the State of Texas Contract
 - Motion to approve Consent Agenda Items a-k was made by Connie White. The motion was seconded by Allen Harris. Motion passed unanimously.

2. REGULAR AGENDA

- Authorize President to Negotiate and Execute Contract with the City of McKinney for Transit Service
 - Jim Cline, President, reported to the board that the McKinney Urban Transit District desired to provide elderly and disabled service through a combination of taxi cab and demand responsive vehicles. There is an interlocal agreement between the Urban Transit District and the City of McKinney to act on their behalf in terms of executing that operation. DCTA submitted a proposal to the City of McKinney in response to that request on April 14, 2017,

and on Monday, April 25, 2017, the City Manager was awarded the authority to negotiate and execute that contract. The DCTA Board is being asked to execute that same authority. DCTA was selected, based on the proposal, to provide the service. The basis of the service is primarily Demand Respond Taxi Service through a debit card issued by Urban Holdings. DCTA is positioned to start service on June 1, 2017. In order begin on that date, specific language of the contract still needs to be worked out. The DCTA proposal already covered all the direct costs, included a 5% administration fee, and laid out the terms. What is left to work on are the mechanics of the contract. Jim Cline asks for the Board's approval this item.

- Motion to approve the authorization for the President to negotiate and execute the contract with the City of McKinney for Transit Service was made by Paul Pomeroy. The motion was seconded by Connie White. Motion passed unanimously.

3. Convene Executive Session – The board did not meet in Executive Session
4. CHAIR REPORT – Charles Emery gave an update on the following:
 - a. Discussion of Regional Transportation Issues
 - b. Discussion Legislative Issues
 - Regional
 - State
 - Federal
5. PRESIDENT'S REPORT – Jim Cline provided information on the following items
 - a. Budget Transfers
 - b. Regional Transportation Issues
6. REPORT ON ITEMS OF COMMUNITY INTEREST – there was none
 - 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.
7. ADJOURN – Adjourned at 3:44 PM
 - Motion to adjourn was made by Skip Kalb. Motion seconded by Connie White. Motion carried unanimously.

The minutes of the April 27, 2017 regular meeting of the Board of Directors were passed, and approved by a vote on this 25th day of May, 2017.

Charles Emery, Chairman

ATTEST

Richard Huckaby, Secretary



Board of Directors Memo

May 25, 2017

Subject: 1(c) Approval of Award and Contract for a Mobile Video Surveillance System

Background

A request for proposals was issued on March 27, 2017, for a mobile video surveillance system for future new and replacement fleet as well as to replace the aging system in current DCTA bus fleet. Eighty-five (85) entities viewed the documents on the electronic procurement platform used by DCTA.

On May 3, 2017, DCTA received seven (7) proposals in response to our RFP.

1. Apollo Video Technology
2. AngelTrax
3. Gatekeeper Systems, Inc.
4. Pro-Vision
5. Safety Vision
6. Seon Systems Sales, Inc.
7. Tactical Micro, Inc.

Staff conducted a review and evaluation of the proposals and is recommending the award to Seon System Sales, Inc.

Identified Need

A mobile video surveillance system provides added security to the traveling public as well as provides a mechanism for DCTA to document and verify operational issues that might arise from accidents and incidents both inside and outside the vehicles. The use of video surveillance within transit vehicles is becoming an industry standard and has the potential to reduce insurance costs that could arise from fraudulent claims. Award of this contract will provide for both installation in new buses as well as a replacement plan for aging mobile video surveillance systems in the existing bus fleet.

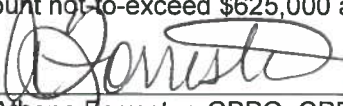
Financial Impact

The agreement is for a three (3) year term. The total anticipated cost for the contract is not-to-exceed \$625,000 over a three (3) year term. For the first year of the contract, FY2017, the Bus Fleet Cameras capital project (50409) includes a budget for \$149,500 for the purchase of cameras of which 80% will be reimbursed by FTA 5307 safety and security grant funds. In the FY18 Budget a Bus Fleet Camera capital project will be established for the on-going acquisition and installation of video surveillance systems and to ensure that these systems are in place as new and/or replacement buses are added to the fleet.

Recommendation

Staff recommends the Board approve the award of a mobile video surveillance system to Seon System Sales, Inc. in the amount not-to-exceed \$625,000 and authorize the President to execute a contract.


Submitted by:


Athena Forrester, CPPO, CPPB
AVP of Procurement

Final Review:


Raymond Suarez, COO

Approval:


James C. Cline, Jr., President



Board of Directors Memo

May 25, 2017

Subject: 2(a) Discussion/Approval of Resolution 17-02 adopting Fiscal Year 2017 Revised Operating & Capital Budget

Background

The DCTA budget is prepared months in advance of the start of the October 1 fiscal year and not all expenditures can be anticipated at the time of the budget preparation. Therefore, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. Amending the budget for material changes will provide a better forecasting and management tool for the Board and DCTA staff. Summary of changes are provided in the following attached exhibits:

- Exhibit "A" is Budget Amendment 2017-15
- Exhibit "B" includes the Changes in Net Assets schedule along with the related notes which provide a more detailed explanation of the variances.
- Exhibit "C" reflects the changes to the Capital Projects Fund
- Exhibit "D" is the Cash Flow Model reflecting the FY16 Audit Reconciliation and FY17 Revised Budget

Need

In order to improve financial reporting and communicate expected financial results the revised budget is submitted to the Board for approval by adoption of a budget amendment.

Financial Impact

As detailed in Exhibit "B" (Operating Budget) and Exhibit "C" (Capital Budget).


Recommendation

The Finance Committee met on Monday, May 15th and reviewed the Revised FY17 Budget and Cash Flow Model proposed by staff and provided their recommendations.

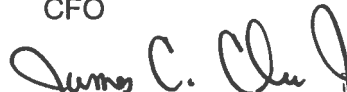
Staff recommends the Board of Directors approve Resolution 17-02 to adopt the changes proposed in the FY 2017 Revised Operating and Capital Budget as well as the Cash Flow Model.

Department Review:

Final Review:


Anna Mosqueda,
CFO

Approval:


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

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 17-02**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING FISCAL YEAR 2017 BUDGET AMENDMENT NUMBER 2017-15 REVISED OPERATING AND CAPITAL BUDGET AND CASH FLOW AMENDMENTS, ATTACHED HERETO AS EXHIBITS “A” THROUGH “D”, RESPECTIVELY; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year; and

WHEREAS, budget estimates are often prepared months in advance of the actual expenditures and the possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely; and

WHEREAS, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment; and

WHEREAS, the Board of Directors of the DCTA desires to amend the fiscal year 2017 Operating and Capital Budget and Cash Flow Model as set forth in Exhibits “A” through “D”, respectively.

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

SECTION 1. The Budget Amendment number 2017-15 attached hereto as Exhibits “A” through “D”, respectively, be, and the same are hereby adopted and which shall amend the original budget adopted September 22, 2016, from and after the effective date of this resolution.

SECTION 2. 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 3. 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 25TH DAY OF MAY, 2017.

APPROVED:

Charles Emery, Chairman

ATTEST:

Richard Huckaby, Secretary

APPROVED AS TO FORM:

A handwritten signature in cursive script that reads "Peter G. Smith".

Peter G. Smith, General Counsel
(PGS: 5-18-17:95.86376)

Exhibit “A”
FY16 Budget Amendment
(to be attached)

DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET AMENDMENT

Number: 2017-15

	Original FY17 Budget	Amendment	Revised FY17 Budget
Operating Budget			
Total Operating Revenues	5,095,995	175,000	5,270,995
Total Operating Expenses	38,831,900	972,235	39,804,135
Total Non-Operating Revenue / (Expense)	41,772,508	1,090,190	42,862,698
Capital Budget			
Total Bus Operations Capital	3,689,317	363,400	4,052,717
Total Rail Operations Capital	18,457,835	(1,741,122)	16,716,713
Total G&A Capital	2,646,815	1,111,941	3,758,756

Explanation:

Please see attached Exhibit B and Exhibit C for detailed explanations.

Date: _____

Reviewed By _____

Date: _____

President _____

Exhibit “B”
Operating Budget (Change in Net Assets)
(to be attached)

Denton County Transportation Authority
Fiscal Year 2017 Operating Budget
Statement of Changes in Net Assets - Budget Format
EXHIBIT "B"

Description	Original FY17 Budget	Approved Budget Amendments	Revised Budget Items	Revised FY17 Budget	Variance Analysis
Operating Revenues					
Passenger Revenues	\$ 1,446,008			\$ 1,446,008	
Contract Service Revenue	3,649,987		\$ 175,000	3,824,987	McKinney Contract Service revenue
Other Revenues	-			-	
Total Operating Revenues	\$ 5,095,995	\$ -	\$ 175,000	\$ 5,270,995	
Operating Expenses					
Salaries, Wages & Fringe Benefits	\$ 11,032,926		(112,600)	\$ 10,920,326	Re-allocation of North Texas Xpress expenses; Addition of \$27k for McKinney Contract service
Services	2,606,146	96,903	42,083	2,745,132	Re-allocation of North Texas Xpress expenses (\$30,333); \$11,750 Marketing transfers
					Re-allocation of North Texas Xpress expenses (\$50,264); \$8k Marketing transfer into services; Additional \$14,640 for McKinney Contract service fuel; Transfer of \$240k from Rail Fuel savings to Bus Parts for 6 engines/transmissions
Materials & Supplies	3,399,374	(52,736)	(43,624)	3,303,014	
Utilities	481,264			481,264	
Insurance, Casualties & Losses	854,194	681,620	3,680	1,539,494	Rail Liability Insurance added in FY17; Additional \$3,680 for McKinney insurance expense
Purchased Transportation Services	9,563,354	93,380	130,000	9,786,734	Additional \$130k for McKinney Contract service purchased transportation
Miscellaneous	385,405		(3,750)	381,655	Marketing transfer to services category
Leases & Rentals	169,497	(21,931)	159,210	306,776	Re-allocation of North Texas Xpress expenses
Depreciation	10,339,740			10,339,740	
Total Operating Expenses	\$ 38,831,900	\$ 797,236	\$ 174,999	\$ 39,804,135	
Operating Income / (Loss)	\$ (33,735,905)	\$ (797,236)	\$ (349,999)	\$ (34,533,140)	
Sales Tax Revenue	\$ 24,624,601		1,000,000	\$ 25,624,601	Realized sales tax increase YTD
Net Investment Income /(Expense)	40,000			40,000	
Long-Term Debt Interest /(Expense)	(1,098,412)			(1,098,412)	
Non-Operating Revenues /(Expenses)	1,500		1,000,000	1,001,500	Valley Ridge Crossing project reimbursement from City of Lewisville (100% covered)
Federal Grants & Reimbursements	15,360,732		392,744	15,753,476	Remaining FEMA funding anticipated
State Grants & Reimbursements	2,844,087		(1,302,554)	1,541,533	Reduction of Hike & Bike Trail based on reduced budget (61708) and delay in Eagle Point project
Debt Issuance	-			-	
Total Non-Operating Revenue/(Expenses)	\$ 41,772,508	\$ -	\$ 1,090,190	\$ 42,862,698	
Increase in Net Position	\$ 8,036,603			\$ 8,329,558	
Net Position - Beginning of Year:	\$ 304,566,263			\$ 304,566,263	
Net Position - End of Year:	\$ 312,602,866	\$ -	\$ -	\$ 312,895,821	
Transfer to Capital Projects	\$ 24,793,967	\$ 202,764	\$ (468,546)	\$ 24,528,186	See Exhibit C for details
Net Position After Capital Project Transfer	\$ 287,808,899			\$ 288,367,636	

**Exhibit “C”
Capital Budget
(to be attached)**

Denton County Transportation Authority
Fiscal Year 2017 Capital Budget
EXHIBIT "C"

Project Description	Original FY17 Capital Budget	Approved Budget Amendments	Revised Budget Items	Revised FY17 Capital Budget	Variance Analysis
Bus Operations					
Scheduling Software	\$ 230,000	\$ -	\$ -	\$ 230,000	
Transit Enhancements	59,817	-	(36,851)	22,966	FY16 Rollover
Bus Fleet Cameras	149,500	-	-	149,500	
Fleet {2016}	1,250,000	-	-	1,250,000	
Fleet {2017}	1,550,000	335,000	-	1,885,000	Approved Transfer 2017-14
AVL & Farebox Systems	200,000	-	-	200,000	
IOMF Fuel Tanks - Lewisville	250,000	-	-	250,000	
Bus O&M Facility	-	-	6,751	6,751	FY16 Rollover (Actuals)
Denton COA Transit Enhancements	-	58,500	-	58,500	Approved Transfer 2017-04
Total Bus Operations	\$ 3,689,317	\$ 393,500	\$ (30,101)	\$ 4,052,717	
Rail Operations					
Positive Train Control Implementation	\$ 7,486,472	\$ -		\$ 7,486,472	
Lewisville Bike Trail	950,000	-	(850,000)	100,000	Reducing project budget based on actuals
T. Mills Crew Facility	100,000	60,000	80,296	240,296	Approved Transfer 2017-13; FY16 Rollover
Station Landscaping	-	-	93,798	93,798	FY16 Rollover
Rail Mobilization	-	(750,000)	722,792	(27,208)	Approved Transfers 2017-06 (PT-Single Car) & 2017-07 Rail Ins); FY16 Rollover; Project to be closed New capital project; savings from Rail Mobilization have been transferred to cover the dispatch system that was not included in the original mobilization contract and was to be approved as a stand-alone innovation
Dispatch System	-	-	150,000	150,000	
Rail Facility Flume Repair {2015 Flood}	240,482	-	28,717	269,199	FY16 Rollover
Grade Crossing Replacements {2015 Flood}	2,057,760	-	37,293	2,095,053	FY16 Rollover
Hebron Signal House {2015 Flood}	-	-	23,374	23,374	FY16 Rollover
Ballast Undercutting {2015 Flood}	-	-	740,402	740,402	FY16 Rollover
Pockrus Page {2015 Flood}	548,000	-	40,740	588,740	FY16 Rollover
Rail Capital Maintenance	3,970,430	(395,000)		3,575,430	Approved Transfer 2017-14 & 2017-13
Trail Safety Improvements	139,657	(58,500)		81,157	Approved Transfer 2017-04
Fare Collection Systems	69,161	(50,846)	(18,315)	-	Approved Transfer 2017-05; Project Closed
Lewisville Bike Trail - Eagle Point Section	2,895,873	-	(2,595,873)	300,000	FY18 Rollover based on project status
Valley Ridge Crossing	-	1,000,000		1,000,000	Approved Revision 2017-12
Total Rail Operations	\$ 18,457,835	\$ (194,346)	\$ (1,546,776)	\$ 16,716,713	
General & Administrative					
Data Analytics & Reporting	\$ 200,000	\$ -	\$ -	\$ 200,000	
Comprehensive Service Analysis	146,815	-	77,502	224,317	FY16 Rollover
Shortel Phone System	-	3,610	9,893	13,503	Approved Transfer 2017-11; FY16 Rollover
Safety & Security {Agency-Wide}	250,000	-		250,000	
Infrastructure Acquisition	1,900,000	-	1,000,000	2,900,000	Increased demand for property acquisition; offset by increase in sales taxes YTD
Project Management / Document Control	150,000	-		150,000	
Lewisville Facilities Study	-	-	20,936	20,936	FY16 Rollover
Total General & Administrative	\$ 2,646,815	\$ 3,610	\$ 1,108,331	\$ 3,758,756	
Total Capital Expenditures	\$ 24,793,967	\$ 202,764	\$ (468,546)	\$ 24,528,186	

Exhibit “D”
Cash Flow Model
(to be attached)

	Audited 2015*	Audited 2016*	Adopted 2017	Revised 2017	2018	2019	2020	2021	2022
OPERATING REVENUES									
Beginning Fund Balance:	\$ 20,655,595	\$ 25,789,446	\$ 26,962,483	\$ 26,962,483	\$ 19,458,591	\$ 16,473,263	\$ 16,497,410	\$ 16,849,085	\$ 18,920,891
Bus Operating Revenue	\$ 3,608,166	\$ 4,019,030	\$ 4,286,858	\$ 4,461,858	\$ 4,582,976	\$ 4,707,601	\$ 4,900,803	\$ 5,033,404	\$ 5,169,839
Rail Operating Revenue	806,043	771,096	809,137	809,137	817,228	825,401	916,195	925,357	934,610
NON-OPERATING REVENUES									
Sales Tax Revenue	23,261,746	24,658,546	24,624,601	25,624,601	25,609,585	26,633,968	27,699,327	28,807,300	29,959,592
Formula Grants (Operating)	4,985,908	4,826,472	3,492,246	4,129,746	5,703,755	5,765,515	6,241,517	5,336,096	4,981,394
Interest Income-Non RTRFI Funds	24,772	59,364	40,000	40,000	58,376	49,420	49,492	50,547	56,763
Misc. Revenue	199,175	156,067	1,500	1,001,500	1,500	1,500	1,500	1,500	1,500
Restricted RTRFI Interest Income									
Total Revenues	32,885,811	34,490,575	33,254,342	36,066,842	36,773,420	37,983,405	39,808,834	40,154,205	41,103,698
OPERATING EXPENSES									
Bus Operating Expense	8,444,097	9,105,959	11,124,167	11,535,556	12,082,714	12,623,867	13,072,932	13,533,719	14,021,105
Rail Operating Expense	13,113,557	12,497,995	12,015,697	12,476,543	12,942,272	13,447,846	13,736,960	14,203,856	14,556,803
G&A Operating Expense	3,676,937	4,511,079	5,452,296	5,452,296	5,534,087	5,722,901	5,918,925	6,122,459	6,333,816
NON-OPERATING EXPENSES									
Non-Operating (Income) / Expense	51,815								
Total Expenses	25,286,406	26,115,033	28,592,160	29,464,395	30,559,073	31,794,614	32,728,817	33,860,034	34,911,725
NET INCOME	7,599,405	8,375,542	4,662,182	6,602,447	6,214,348	6,188,791	7,080,017	6,294,170	6,191,973
CAPITAL OUTLAY									
Bus Capital Expenditure	657,064	582,161	659,317	487,718	250,000	-	-	-	-
Bus Fleet Replacement Expense	198,955	1,705,352	2,800,000	3,135,000	3,300,000	2,400,000	2,500,000	2,300,000	2,000,000
Professional Services / Technology Improvements	79,950	293,867	976,815	1,288,755	150,000	150,000	150,000	150,000	150,000
Stadler Fleet (Vehicles)	-	189,557	-	-	-	-	-	-	-
Right of Way	-	-	139,657	81,157	-	-	-	-	-
Rail Capital Expenditure (LV Hike & Bike)	1,329,081	108,112	3,845,873	400,000	2,655,697	-	-	-	-
Rail Capital Expenditure (Community Enhancements)	268,779								
HV Parking Expansion	31,073								
Rail Station Improvements	71,983	421,237	169,161	334,095	-	-	-	-	-
Rail MOW	337,265	34,914	-	-	-	-	-	-	-
Rail MOE	303,208	464,869	-	-	-	-	-	-	-
Single Car Operations / Shunt Enhancement	100,598	(122,767)							
Re-Railing Equipment	121,000								
Rail Capital Maintenance		371,714	3,970,430	3,575,430	3,330,999	2,000,000	3,293,971	2,000,000	2,646,388
Disaster Recovery - 2015 Floods	215,791	273,738	2,846,242	3,716,768	-	-	-	-	-
Rail Mobilization	-	1,201,987	-	122,792	-	-	-	-	-
Positive Train Control	175,863	6,594,741	7,486,472	7,486,472	2,638,928				
Infrastructure Acquisition			1,900,000	2,900,000					
Valley Ridge Crossing				1,000,000					
TIER 2 - Capital Requests						1,200,000			
Fleet Farebox Replacement									
Total Capital Outlay	3,890,611	12,119,481	24,793,967	24,528,190	12,325,630	5,750,000	5,943,971	4,450,000	4,796,388
CAPITAL SOURCES									
New Money (Debt Issuance)									
RTRFI/RTC Funds		3,011,743	5,989,178	5,989,178	3,499,079				
FEMA Reimbursements		303,574	2,134,682	2,527,426					
Formula Grants (Capital)	2,636,956	2,757,887	6,588,713	4,648,659	2,384,941	2,350,341	1,994,998	3,023,498	3,503,748
Total Capital Sources	2,636,956	6,073,204	14,712,573	13,165,263	5,884,020	2,350,341	1,994,998	3,023,498	3,503,748
DEBT SERVICE									
2008 Issue (ST) Debt Service									
2009 Refunding (ST) Debt Service	761,492	723,387	1,713,687	1,713,687	1,717,590	1,714,697	1,715,209	1,713,925	1,715,845
2011 Contractual Obligations (Vehicles)	336,945	323,810	770,183	770,183	775,785	785,761	794,955	808,366	815,838
2011 Contractual Obligations (PTC)	113,463	109,032	259,542	259,542	264,691	264,526	269,205	273,571	272,624
2018 Contractual Obligations (PTC)	-	-	-	-	-	-	-	-	-
Total Debt Service	1,211,900	1,156,229	2,743,412	2,743,412	2,758,066	2,764,984	2,779,369	2,795,862	2,804,307
Internal Debt Service Coverage:	6.27	7.24	1.70	2.41	2.25	2.24	2.55	2.25	2.21
Outstanding Bond Principal as of September 30th (End of Fiscal Year)		\$ 30,385,000	\$ 28,740,000	\$ 28,740,000	\$ 27,020,000	\$ 25,230,000	\$ 23,360,000	\$ 21,405,000	\$ 19,370,000
Ending Fund Balance:	25,789,446	26,962,483	18,799,859	19,458,591	16,473,263	16,497,410	16,849,085	18,920,891	21,015,918
Less Restricted RTRFI Interest Income	-	-	-	-	-	-	-	-	-
Less Required Fund Balance (O&M Reserve Policy):	6,321,601	6,528,758	7,148,040	7,366,099	7,639,768	7,948,654	8,182,204	8,465,009	8,727,931
Less Sales Tax Stabilization Fund	697,852	739,756	738,738	768,738	768,288	799,019	830,980	864,219	898,788
Less Fuel Stabilization Fund	50,000	72,582	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Less Capital/Infrastructure	638,664	3,961,050	2,000,000	2,000,000	2,000,000	2,000,000	2,500,000	5,000,000	5,000,000
Net Available Cash	18,081,328	15,660,336	8,463,081	8,873,754	5,615,207	5,299,738	4,885,901	4,141,664	5,939,199

* FY2016 reconciled to audited financials

	Audited 2015*	Adopted Revised 2016	Projected 2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES									
Beginning Fund Balance:	\$ 20,655,595	\$ 25,789,446	\$ 25,789,446	\$ 21,629,394	\$ 13,466,767	\$ 11,428,627	\$ 11,859,322	\$ 12,625,571	\$ 15,119,751
Bus Operating Revenue	\$ 3,608,166	\$ 4,202,748	\$ 4,202,748	\$ 4,286,858	\$ 4,402,726	\$ 4,521,943	\$ 4,709,575	\$ 4,836,440	\$ 4,966,966
Rail Operating Revenue	806,043	874,678	874,678	809,137	817,228	825,401	916,195	925,357	934,610
NON-OPERATING REVENUES									
Sales Tax Revenue	23,261,746	23,067,404	23,067,404	24,624,601	25,609,585	26,633,968	27,699,327	28,807,300	29,959,592
Formula Grants (Operating)	4,985,908	4,717,038	3,786,025	3,492,246	5,703,755	5,765,515	6,241,517	5,336,096	4,981,394
Interest Income-Non RTRFI Funds	24,772	20,000	20,000	40,000	40,400	34,286	35,578	37,877	45,359
Misc. Revenue	199,175	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Restricted RTRFI Interest Income									
Total Revenues	32,885,811	32,883,368	31,952,355	33,254,342	36,575,195	37,782,614	39,603,693	39,944,570	40,889,422
OPERATING EXPENSES									
Bus Operating Expense	8,444,097	9,501,097	9,501,097	11,124,167	11,904,182	12,439,021	12,881,768	13,336,362	13,816,561
Rail Operating Expense	13,113,557	12,434,690	12,434,690	12,015,697	12,554,073	13,053,869	13,337,162	13,798,195	14,145,239
G&A Operating Expense	3,676,937	4,869,450	4,869,450	5,452,296	5,505,807	5,694,385	5,890,173	6,093,469	6,304,587
NON-OPERATING EXPENSES									
Non-Operating (Income) / Expense	51,815								
Total Expenses	25,286,406	26,805,237	26,805,237	28,592,160	29,964,062	31,187,275	32,109,102	33,228,025	34,266,387
NET INCOME	7,599,405	6,078,131	5,147,118	4,662,182	6,611,133	6,595,338	7,494,590	6,716,545	6,623,035
CAPITAL OUTLAY									
Bus Capital Expenditure	657,064	478,189	268,872	209,317	-				
Bus Fleet Replacement Expense	198,955	2,961,000	1,711,000	2,800,000	1,000,000	2,400,000	1,200,000	400,000	1,000,000
Professional Services / Technology Improvements	79,950	1,030,060	579,838	576,815	73,407				
Stadler Fleet (Vehicles)	-	190,000	190,000	-	-	-	-	-	-
Right of Way	-	139,657	-	139,657	-	-	-	-	-
Rail Capital Expenditure (LV Hike & Bike)	1,329,081	1,221,437	271,437	3,845,873	-	-	-	-	-
Rail Capital Expenditure (Community Enhancements)	268,779								
HV Parking Expansion	31,073								
Rail Station Improvements	71,983	746,178	577,017	169,161	-				
Rail MOW	337,265	33,510	33,510	-	-				
Rail MOE	303,208	812,356	812,356	-	-				
Single Car Operations / Shunt Enhancement	100,598								
Re-Railing Equipment	121,000								
Rail Capital Maintenance		1,117,000	1,117,000	3,970,430	3,330,999	2,000,000	3,293,971	2,000,000	2,646,388
Disaster Recovery - 2015 Floods	215,791	2,236,291	1,227,809	2,846,242	-				
Rail Mobilization	-	2,119,517	2,119,517	-	-				
Positive Train Control	175,863	3,374,992	3,374,992	7,486,472	5,858,677				
TIER 1 - Capital Requests									
Safety & Security (Agency Wide)				250,000					
AVL & Farebox Systems				200,000					
IOMF Lewisville - Fuel Tanks				250,000					
Infrastructure Acquisition				1,900,000					
TIER 2 - Capital Requests									
Project Management/Document Control				150,000	150,000	150,000	150,000	150,000	150,000
Additional Fleet Purchases					2,300,000		1,300,000	1,900,000	1,000,000
Fleet Farebox Replacement						1,200,000			
IOMF Lewisville - Fuel Tanks					250,000				
Total Capital Outlay	3,890,611	16,460,187	12,283,347	24,793,970	12,963,089	5,750,000	5,943,971	4,450,000	4,796,388
CAPITAL SOURCES									
New Money (Debt Issuance)									
RTRFI/RTC Funds		1,823,881	1,823,881	5,989,178	4,686,942				
FEMA/Insurance Reimbursements		1,785,427	1,029,065	2,134,682					
Formula Grants (Capital)	2,636,956	4,526,336	2,859,655	6,588,713	2,384,941	2,350,341	1,994,998	3,023,498	3,503,748
Total Capital Sources	2,636,956	8,135,644	5,712,601	14,712,572	7,071,882	2,350,341	1,994,998	3,023,498	3,503,748
DEBT SERVICE									
2008 Issue (ST) Debt Service									
2009 Refunding (ST) Debt Service	761,492	1,718,387	1,718,387	1,713,687	1,717,590	1,714,697	1,715,209	1,713,925	1,715,845
2011 Contractual Obligations (Vehicles)	336,945	763,955	763,955	770,183	775,785	785,761	794,955	808,366	815,838
2011 Contractual Obligations (PTC)	113,463	254,081	254,081	259,542	264,691	264,526	269,205	273,571	272,624
2018 Contractual Obligations (PTC)	-	-	-	-	-	-	-	-	-
Total Debt Service	1,211,900	2,736,423	2,736,423	2,743,412	2,758,066	2,764,984	2,779,369	2,795,862	2,804,307
Internal Debt Service Coverage:	6.27	2.22	1.88	1.70	2.40	2.39	2.70	2.40	2.36
Outstanding Bond Principal as of September 30th (End of Each Fiscal Year)									
			\$ 30,385,000	\$ 28,740,000	\$ 27,020,000	\$ 25,230,000	\$ 23,360,000	\$ 21,405,000	\$ 19,370,000
Year End Audit Adjustment									
Ending Fund Balance:	25,789,446	20,806,611	21,629,394	13,466,767	11,428,627	11,859,322	12,625,571	15,119,751	17,645,839
Less Restricted RTRFI Interest Income	-	-	-	-	-	-	-	-	-
Less Required Fund Balance (O&M Reserve Policy):	6,321,601	6,701,309	6,701,309	7,148,040	7,491,015	7,796,819	8,027,276	8,307,006	8,566,597
Less Sales Tax Stabilization Fund	697,852	692,022	692,022	738,738	768,288	799,019	830,980	864,219	898,788
Less Fuel Stabilization Fund	50,000	72,582	72,582	450,000	450,000	450,000	450,000	450,000	450,000
Less Capital/Infrastructure	638,664	3,961,050	3,961,050	2,000,000	2,000,000	2,000,000	2,500,000	5,000,000	5,000,000
Net Available Cash	18,081,328	9,379,648	10,202,431	3,129,989	719,324	813,484	817,315	498,526	2,730,455



Board of Directors Memo
Item: Financial Policies

May 25, 2017

Background

DCTA Financial Policies are presented to the Finance Committee for review after the start of each fiscal year but prior to the start of the next year's budget process. If there are any changes the Finance Committee, in its review, feels should be incorporated, these are forwarded to the Board for review and final action. Otherwise no Board action is required on an annual basis.

The Financial Policies were presented for review and discussion at the May 15, 2017 Finance Committee meeting. The Finance Committee has completed its review of the document. The attached red-lined document (Attachment A) incorporates two small additions outlined below to the Financial Policies (both in red) along with slight formatting adjustments.

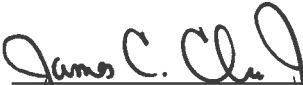
- Page 3 "Review": Discusses the annual Board review of the Financial Policies
- Page 9 Budget and Operating Policies – Statement regarding DCTA's commitment to a balanced budget.

The Investment Policy is included in the Financial Policies document. The Investment Policy is approved by the Board annually in separate action but is included in the Financial Policies document for reference and ease of access. The current Investment Policy was approved by the Board at its October 2016 meeting and will be presented to the Board in Sept/October 2017 for their annual approval.

Recommendation:

At its May 17, 2016 meeting, the Finance Committee recommended forwarding to the Board for approval the Financial Policies with the above referenced policy change. This change has been incorporated in the document. Staff recommends approval.

Final Review: 
Anna Mosqueda
Chief Financial Officer

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

Denton County Transportation Authority Financial Management Policies

(Adopted May, 2014)
(Revised May 27, 2016)



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Purpose

The Comprehensive Financial Management Policy assembles the Denton County Transportation Authority's (DCTA) financial policies in one document. They are the tools to ensure that DCTA is financially able to meet its immediate and long-term service objectives. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of DCTA consistent with provisions of Chapter 460 of the Texas Transportation Code and adopted DCTA Bylaws.

DCTA is accountable to its constituents for the use of public dollars. Resources must be wisely used to ensure adequate funding for the operations, services, facilities, and infrastructure necessary to meet present and future needs. These policies help safeguard the fiscal stability required to achieve DCTA's goals and objectives.

Review

DCTA Financial Policies are presented to the Finance Committee for review after the start of each fiscal year but prior to the start of the next year's budget process. If there are any changes the Finance Committee feels should be incorporated, these will be forwarded to the Board for review and final action. Otherwise no Board action is required on an annual basis.

Objectives

In order to achieve its purpose, the Financial Management Policies have the following objectives for DCTA's fiscal performance:

- A. To guide DCTA Board of Directors (the Board) and management policy decisions that have significant impact on the agency.
- B. To set forth operating principles that minimize the cost of government and financial risk.
- C. To employ balanced and fair revenue policies that provide adequate funding for desired services and programs.
- D. To maintain appropriate financial capacity for present and future needs.
- E. To promote sound financial management by providing accurate and timely information on DCTA's financial condition.
- F. To protect DCTA's credit rating and provide for adequate resources to meet the provision of DCTA's obligations on all its debt.
- G. To ensure the appropriate use of financial resources through an effective system of written and audited internal controls.
- H. To promote cooperation and coordination with other governments, agencies and the private sector in the financing and delivery of services.
- I. To establish long-term objectives for the financial operations of DCTA
- J. To insure an optimum balance between demand for service and resources to provide

Reserve Fund Policies

Adequate reserve levels are a necessary component of DCTA's overall financial management strategy and a key factor in external agencies' measurement of DCTA's financial strength. Funding priorities will be in the order listed and be reflected in the agency's cashflow model.

- a. It will be the policy of DCTA to maintain a Fund Balance Reserve Fund that is equal to three months of the total budgeted operating expenses (less capital project expenses) for the fiscal year. This Fund Balance Reserve is maintained to address unanticipated emergencies and may be allocated with approval by the Board if there are not sufficient resources in unreserved/undesignated retained earnings. An annual contribution will be budgeted from general operating resources, as available, to maintain the target reserve level.
- b. It will be the policy of DCTA to maintain a Sales Tax Stabilization Fund. This Fund will be used to stabilize revenue received from sales tax in times of economic downturn and will be equal to three percent (3%) of annual sales tax.
- c. It will be the policy of DCTA to maintain a Capital Replacement/Infrastructure Maintenance Fund (State of Good Repair) to provide funding for maintenance of capital assets and infrastructure at a sufficient level to protect DCTA's investment and maintain appropriate service levels. The use of any funds within the Capital Facilities/Infrastructure Maintenance Fund will be approved by the Board within the resources available each fiscal year.
- d. It will be the policy of DCTA to maintain a Fuel Stabilization Fund. On average, the Fuel Stabilization Fund will be equivalent to \$.05 per gallon of budgeted fuel. This will be reviewed each year during the budget process. This fund will be used to mitigate significant fluctuations in fuel prices each year. The use of any funds within the Fuel Stabilization Fund shall be approved by the Board.

Contributions to the Sales Tax Stabilization, Capital Replacement/Infrastructure Maintenance, and Fuel Stabilization Funds will be made from available funds as identified in the annual budget, or amended budget. The Chief Financial (CFO) shall make a recommendation to the Board with regard to transfers to and from reserve funds. The Board shall authorize the transfers as the Board shall determine to be appropriate at the time. Guidelines for transfers and contributions are as follows:

- a. All transfers for expenditures from reserve accounts shall require prior Board approval unless previously and specifically authorized by the Board in the annual budget or amended budget.
- b. Capital Replacement Fund will at a minimum be an amount equivalent to twenty percent (20%) of bus/fleet replacement costs (reflective of anticipated grants) plus the cost of one transit bus with a twelve (12) year useful life. (Example - FY16 Bus Fleet replacement: \$2.9 million X 20% = \$0.58 million; cost of transit bus = \$0.4 million. Minimum Capital Replacement Fund requirement: \$0.58 million + \$0.4 million = \$0.98 million)

- c. Infrastructure Maintenance – Available funds within limitations of current cash flow model, in accordance with assessed capital needs which shall be reviewed during the annual budget process.

If after procedures as outlined in the adopted budget contingency plan have been met, and a severe economic downturn or other emergency requires draw down of Fund Balance Reserve or Sales Tax Stabilization funds, it will be a priority to replenish fund balances. Funds balances will be replenished within three (3) years, from any year-end budget surpluses. These surpluses may be achieved through expenditure reductions or through higher than anticipated revenues. The cash flow model and annual budget will specifically outline the timeframe and plan for fund balance replenishment.

Revenue Policies

- a. To the extent possible, a diversified and stable revenue system will be maintained to shelter service delivery from short-run fluctuations in any one revenue source due to changes in economic conditions. Trends analyzing the dependence on distinct revenue sources shall be included in the budget documents for consideration by the Board.
- b. Revenue forecasts will assess the full spectrum of resources that can be allocated for service delivery. Each year the Board shall review potential sources of revenue as part of the annual budget process.
- c. Revenue forecasts shall be realistically estimated and based on the best information available. DCTA shall use a conservative, objective and analytical approach when preparing revenue estimates and follow a vigorous policy of collecting revenues. Shortfalls anticipated based on this forecast will be addressed as follows:
 - i. Short-term (anticipated less than one year) economic downturns and temporary gaps in cash flow: Expenditure reductions or restrictions may be imposed as outlined in the Budget Contingency Plan adopted as part of the annual budget by the Board. The Board may approve a contribution from the Sales Tax Stabilization Fund or Fund Balance Reserve Fund to address temporary downturns in revenues.
 - ii. Long-term (greater than one year) revenue downturns: Deficit financing and borrowing to support on-going operations is not the policy of DCTA. Revenue forecasts will be revised. Expenses will be reduced to conform to the revised long-term revenue forecast and fare increases will be considered.
- d. All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted.
- e. DCTA shall develop and maintain fair and equitable fares for all public transportation services which it operates. A fare structure establishing a base fare, categories of prepaid fares and special fare programs shall be adopted by the Board and reviewed no less than every two years. The fare structure should be competitive and offer seamless integration for passengers within the regional transportation system.
- f. Services provided on a contract basis may be set at levels sufficient to cover the entire cost of service delivery, or the service may be subsidized, as the Board deems appropriate. DCTA will systematically review fees and consider adjustments as necessary to take into account the effects of additional service costs and inflation. Studies shall be conducted to ensure that the fees will continue to support direct and indirect costs of operations, administration, maintenance, debt service, depreciation of capital assets, and moderate system expansion. Based on a market analysis, fees for similar services in other communities may also be considered. The criteria used to evaluate recommended target rates (equity, cost recovery policy, market demand, etc.) shall be included in the review. Such review should be scheduled periodically and be incorporated into the budget process for possible action by the Board.
- g. DCTA will review contracts and leases, which result in revenues to DCTA on a timely basis for careful consideration by the Board.

Expenditure Policies

DCTA will only propose operating expenditures which can be supported from on-going revenues. Before undertaking any agreements that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years. Capital expenditures may be funded from one-time revenues, but the operating budget expenditure impacts of capital expenditures will be reviewed for compliance with this policy provision.

- a. Department heads are responsible for managing budgets within the total appropriation. DCTA will conduct a regular review and analysis of major expenditure categories to help assure the most efficient use of resources
- b. DCTA will maintain expenditure categories according to state statute and administrative regulation.
- c. Emphasis is placed on improving individual and work group productivity rather than adding to the work force. DCTA will consider investing in technology and other efficiency tools to maximize productivity. DCTA will hire additional staff only after the need for such positions has been demonstrated and documented.
- d. All compensation planning will focus on the total cost of compensation, which includes direct salary, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to DCTA. A compensation study shall be conducted every three (3) years to ensure that DCTA maintains a competitive position in the market, with a goal to stay at the mid-point of the market range.

Accounting, Auditing and Financial Reporting

DCTA will maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall DCTA goals and objectives are met.

- a. Accounting Records and Reporting. DCTA will maintain its accounting records in accordance with state and federal regulations. Financial statements will conform to generally accepted accounting principles (GAAP) of the Governmental Accounting Standards Board (GASB).
- b. Auditing. As required under Chapter 460.402 of the Texas Transportation Code, an outside independent CPA firm will annually perform the DCTA's financial Audit. Results of the annual audit will be provided to the Board in a timely manner. The external audit firm is accountable to the Board of Directors and will have access and direct communication with the Board. The Single Audit Report will be prepared and presented to the Board by the external auditors along with the audited financial statements. The Single Audit Report shall list the status and current operations of all federal, state and local grant funds awarded and received.
- c. Simplified Fund Structure. To the extent possible, DCTA will minimize the number of Funds.

The Finance Department will develop, maintain, and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets.

Budget and Operating Policies

- a. Decisions of the Agency will be within the context of the cash flow model and the long range service plan. Staff shall provide a review of the implications of budgetary proposals on the cash flow model.
- b. The budget is designed to communicate DCTA goals and objectives to our stakeholders by describing the service to be provided, the cost of the service, the proposed allocation of funds and revenue sources used to pay for the service. The budget communicates DCTA's commitment to a balanced budget, where expenses do not exceed current year revenues and reserve balances.
- c. Chapter 460.403 of the Texas Transportation Code requires the Board to prepare an annual budget. The annual budget shall be developed consistent with state law and in a manner which encourages early involvement with the public and Finance Committee of the Board of Directors and the Board. A calendar of events related to budget development shall be presented to Finance Committee each year prior to the start of the annual budget process.
- d. The Finance Department will maintain a system for monitoring the DCTA's budget performance. The system will provide the DCTA Finance Committee and the Board with monthly and / or quarterly information in a timely manner on fund level resource collections and category level expenditures.
- e. Revised Budget Policy: The budget should be adjusted during the budget period should unforeseen events require changes to the original budget plan. The budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. DCTA staff shall watch for significant deviations from expectations and make adjustments so that the plan is consistent with revised expectations as follows:
 - i. Operating Fund Expenditures
 1. DCTA is required to control operating costs and maintain the total expenditures incurred at or below the total annual adopted Operating Expenses budget or budget as amended.
 2. The President may authorize budget transfers between expense categories and departments, in an aggregate amount – not to exceed 5% of the total annual Operating Expenses budget without Board approval.
 3. The Board may in the revised budget process, authorize a budget amendment for approval of new contracts and unbudgeted expenditures.
 - ii. Capital Project Fund Expenditures
 1. Expenditures for capital projects must be approved with the fiscal year capital project budget; or
 2. By Board approval of a capital project budget amendment and approval of the purchase during the fiscal year. Capital project budget amendments will be incorporated in the revised budget process.
 - iii. All DCTA amendments and transfers will be reflected in the appropriate period for the budget year and cash flow model.

- f. Definitions:
- i. Budget Amendment – Shall mean a change in the fiscal year budget based on the following criteria:
 - 1. Operating – an increase to the total bottom line operating fund expenditure budget
 - 2. Capital – (a) addition of a new project; (b) change in Capital Projects Fund annual appropriation; (c) an increase to the total approved budget of a specific project.
 - 3. A resolution approved by the DCTA Board of Directors is required to authorize an amendment as specified in Section e (i).
 - ii. Budget Transfers – Shall mean transfer of funds between departments or specific operating expense line items that neither increase nor decrease the total adopted operating fund budget.
- g. A Budget Contingency Plan will be adopted each year as part of the annual budget process. This allows DCTA to be positioned to respond quickly to economic or market fluctuations. The Plan shall identify triggers, key action plans and monitoring processes to allow DCTA to recover and/or adjust to serious downturns effectively.
- h. Accurate inventories of all physical assets, their condition, life spans, and cost will be maintained to ensure proper stewardship of public property. The CFO will establish policies and appropriate procedures to account for fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories are taken. A physical inventory will be conducted no less than every two (2) years.

Purchase and Disposal of Assets

DCTA will follow and maintain purchasing procedures that comply with applicable State and Federal Laws and Board resolutions and policies regarding procurement. The policy of the Board of Directors is to:

- a. Provide equal access to all vendors participating through competitive acquisition of goods and services.
- b. Conduct the procurement process and disposal of property in a manner that promotes and fosters public confidence in the integrity of DCTA's procurement procedures.
- c. Protect the interest of entities providing financial support without regard to any undue influence or political pressure.

Federal Funds: When procurement involves the expenditure of federal funds, purchasing shall be conducted in accordance with all applicable federal laws or regulations.

Grant Funds: When procurement involves the expenditure of grant funds, purchasing shall be conducted in accordance with all applicable grant laws or regulations.

Emergency procurement: The DCTA President or his/her designated agent may make or authorize others to make emergency procurements of materials, supplies, equipment or services when there exists a threat to public health, welfare, or safety. The Executive Committee of the Board will be notified immediately of such action. State laws relating to emergency purchases shall be followed.

Cost Allocation

DCTA desires to comply with all laws and recommendations in calculating and receiving full cost recovery for services rendered and for allocating appropriate indirect costs related to grant funded projects.

Cost allocation is a method to identify and distribute indirect costs. Direct costs are costs assignable to a specific objective, whereas indirect costs are costs incurred for multiple cost objectives or not assignable to a specific cost objective without effort disproportionate to the benefit received. DCTA will prepare or have prepared an annual cost allocation plan to identify direct and indirect costs to use for recovering allowable costs under OMB Circular A-87 and in the development of cost of services as applicable for use in contracts for service delivery with outside entities. The plan will be prepared consistent with guidelines established by:

The Federal Office of Management and Budget (OMB) Circular A-87

OMB Circular A-87 establishes cost principals for State, local, and Indian Tribal Governments for determining costs for Federal Awards. Item 5 of the Circular states that, “The principals are for determining allowable costs only.” In defining allowable costs, the Circular provides a definition of allocable costs on Attachment A, paragraph C.3.a, “A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.” The Circular further outlines costs that are allowable for charging the Federal government and distinguishes those that are specifically excluded from recovery.

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. While GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is tested by the external auditor in the annual audit of DCTA.

Debt Management Policy

The objectives of the DCTA's Debt Management Policy will be:

- A. To minimize the use of debt to the effect that debt service payments will be a predictable and manageable part of the operating budget.
- B. Utilize debt as the last resort, to raise capital at the lowest cost, consistent with the need to borrow.

These will be accomplished by:

- a. Securing and maintaining a high credit rating
- b. Maintaining a good reputation in the credit markets by implementing and maintaining a sound capital program and managing the annual budget responsibly.
- c. Selecting professional service providers (underwriters, financial advisors, bond insurer's, etc. through negotiation, RFQ process or as defined for professional services under DCTA's procurement procedures.
- d. Issuing debt on a competitive basis (except when conditions make a negotiated sale preferable) and awarding to the bidder who produces the lowest true interest cost and underwriting cost. Revenue bonds can be issued through a negotiated sale when the issue is unusually large; the project is speculative or complex; the issue is a refunding; or the market is unstable.
 - i. Long-term debt issued will not exceed the life of the projects financed. Current operations will not be financed with long-term debt.
 - ii. Short-term borrowing will not be used for operating purposes.
- e. Complying with continuing disclosure reporting requirements and the obligation to inform the Municipal Securities Rulemaking Board through the EMMA website (Electronic Municipal Market Access) of any and all continuing disclosure documents and annual financial statements. The DCTA's annual audited financial report will be sent to EMMA as soon as the external auditor issues the report and it has been presented to the Board of Directors
- f. Ensuring no debt is issued for which DCTA is not confident that a sufficient, specifically identified revenue source is available for repayment. The CFO shall prepare an analytical review for this purpose prior to the issuance of any debt.
- g. Limiting bonded indebtedness to a level that:
 - i. permits sufficient borrowing to support a reasonable level of capital programming,
 - ii. maintains a debt amortization schedule within DCTA's ability to pay
 - iii. supports DCTA's credit rating objectives.
- h. Considering credit enhancements only after a cost/benefit analysis has been completed for each bond issue.
- i. Maintaining debt service reserve accounts as required by bond ordinances and where deemed advisable by the Board. DCTA shall structure such debt service reserves to avoid violation of IRS arbitrage regulations.
- j. Maintaining debt service coverage ratios as required for any bond issues but not less than an internal debt service coverage of 1.25X.

THE INVESTMENT POLICY IS ADOPTED ANNUALLY BY SEPARATE ACTION OF THE BOARD OF DIRECTORS AND IS INCLUDED HERE FOR REFERENCE.
Investment Policy (As adopted 10/27/2016)

I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy stipulates that the administration of its funds and the investment of those funds 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. DCTA's investments will conform to all applicable state statutes governing the investment of public funds.

Effective cash management is essential to good fiscal management. Cash management is defined as the process of managing monies 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, compliance with Board Policy, and the management of bank depository services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to be in 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 reflects diversity by market sector, type of credit, and length of maturity as best meets DCTA's requirements. 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. Investments of DCTA's cash 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.

Liquidity

Investments will be based on a cash flow analysis of needs and will remain sufficiently liquid to satisfy all operating requirements which might be reasonably anticipated by the agency's cash flow model. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, the portfolio will include investments that offer same-day liquidity for those unanticipated situations. 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 in Section VIII of this policy 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. 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

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. The Investment Officer is responsible for investment management decisions and activities according to this Investment Policy. 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 activities of the investment program which are consistent with this Investment Policy. The 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 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 herein.

Authorization Resolution

A 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 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 in Section VI, 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 to the Board of Directors 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 DCTA. Results of review of internal controls by the independent auditor shall be included in the annual audit.

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 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 principal 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; and

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

If additional types of securities are approved for investment by public funds by state statutes, none will be eligible for investment by DCTA until this policy has been amended and 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 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 and disclose certain criteria as determined by the Investment Officer including:

- A. an audited financial statement each year,
- B. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number,
- C. proof of current registration with the State Securities Commission, and
- D. Completion of DCTA questionnaire.

Every broker/dealer and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure they are familiar with the goals and objectives of DCTA's 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 shall not have 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 DCTA's Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to DCTA for review and likewise shall return a signed certification stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls 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. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

Security Type	Max % of Portfolio
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. 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:

A. invest more than 20% of the portfolio for a period greater than one (1) year B. 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 exceeding the FDIC insurance coverage of \$250,000, and on repurchase agreements.

To provide a level of additional security for all funds and to also anticipate any market changes, the collateralization level required will be 105% 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(s)
- C. contain a summary statement that presents :
 - a. beginning book and market value for the reporting period;
 - b. ending book and market value for the reporting 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.

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 providing their latest audited financial statements to DCTA.

XIV. TRAINING REQUIREMENT

The DCTA Investment Officer(s) 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 the ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which personal business is conducted. Further disclosure shall also be made of 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 Board. A written resolution approving that review, and suggested changes to the policy will be approved by the Board.

Previous Action:

Adopted: November 19, 2015

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****May 25, 2017**

Subject: 2(c) Authorize the President to enter into an agreement with the Texoma Area Paratransit System (TAPS) for the transfer of twelve (12) vehicles.

Background

Texoma Area Paratransit System (TAPS) discontinued public transportation services in Collin County in November 2015. TAPS desires to transfer twelve (12) transit buses to DCTA. These vehicles were acquired by TAPS utilizing federal funds. Both DCTA and TAPS are grantees of the Federal Transit Administration (FTA) so the federal interest in the vehicles is eligible to be transferred. These vehicles have not reached the end of their useful life, therefore written approval from FTA is required before the assets can be transferred.

Part of the FTA approval process requires both Boards to approve a resolution with the detailed asset information authorizing the President to execute an agreement with TAPS.

Attached is a rolling stock report evidencing the required information regarding the acquisition date, cost and remaining federal share.

Identified Need

DCTA is in need of additional buses to augment existing fleet to provide revenue service and help maintain an appropriate fleet spare ratio.

Financial Impact

The vehicles will be transferred to DCTA at no cost. The vehicles will require some rehabilitation including paint and body work, seats recovered, tires, windshields, etc. Grant funds will be utilized to cover the cost of the rehabilitation at 80%. The remaining 20% will be funded from the fleet 2017 (50510) capital project budget.


Recommendation

Staff recommends the Board of Directors authorize the President to negotiate and execute the agreement for the transfer of twelve (12) vehicles. Approval a resolution authorizing staff to complete the transfer process.

Submitted by:


Raymond Suarez, COO

Approved by:


James C. Cline, Jr.
President