



DENTON COUNTY
TRANSPORTATION AUTHORITY

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

Board of Directors Regular Meeting

October 25, 2018 | 3:00 p.m.

**or immediately following Board Work Session
scheduled at 1:30 p.m. on October 25, 2018*

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS

INVOCATION

WELCOME AND INTRODUCTION OF VISITORS

AGENCY AWARDS AND RECOGNITIONS

1. PUBLIC COMMENT

This agenda item provides an opportunity for citizens to address the Board of Directors on any agenda items or other matters relating to the DCTA. Anyone wishing to address the Board of Directors should complete a Citizen Comment Registration Card and submit it to the DCTA Administration prior to the start of the Board of Director meeting. There is a three (3) minute time limit for each citizen. Anyone wishing to speak shall be courteous and cordial. The Board of Directors is not permitted to take action on any subject raised by a speaker during Citizen Comments. However, the Board of Directors may have the item placed on a future agenda for action; refer the item to the DCTA Administration for further study or action; briefly state existing DCTA policy; or provide a brief statement of factual information in response to the inquiry.

2. CONSENT AGENDA

- a. Approval of Minutes for the Board Work Session and Regular Meeting on September 27, 2018.
- b. Acceptance of Monthly Financial Statements – September 2018
- c. Acceptance of Quarterly Investment Report – Q4 FY2018

3. REGULAR AGENDA

- a. Approval of Resolution R18-09 adopting the updated Title VI Policy Statement
- b. Approval of Resolution 18-08 Approving Financial Management Policies and Annual Investment Policy for FY2019
- c. Approval to award for Construction of the Bike and Pedestrian Trail-Eagle Point Section to Northstar Construction, LLC
- d. Approval of Task Order to Jacobs Engineering Group for Bike and Pedestrian Trail-Eagle Point Section
- e. Discussion of Board Governance Training for DCTA Board Members

4. 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 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, Highland Village, or the A-train corridor.
5. Reconvene Open Session
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
6. CHAIR REPORT
 - a. Discussion of Regional Transportation Issues
 - b. Discussion Legislative Issues
 - i. Regional
 - ii. State
 - iii. Federal
7. CEO'S REPORT
 - a. Budget Transfers
 - b. Regional Transportation Issues
 - c. Year of Change
8. 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.
9. ADJOURN

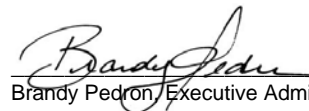
Chair – Charles Emery
Vice Chair – Richard Huckaby

Secretary – Dianne Costa
Treasurer – Dave Kovatch

Members – Skip Kalb, Tom Winterburn, Don Hartman,
George A. Campbell, Allen Harris, Carter Wilson, Connie White, Mark Miller, Ron Trees
CEO – Raymond Suarez

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 10/19/2018 at 4:20 PM.



Brandy Pedron / Executive Administrator | Open Records



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 on September 27, 2018 at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057.

Attendance

Small Cities

Connie White
Skip Kalb, Small Cities

Large Cities

Charles Emery, Lewisville, Chairman
Dianne Costa, Highland Village
Carter Wilson, Frisco (at 1:45)
Tom Winterburn, Corinth
Ron Trees, Little Elm
Allen Harris, The Colony

Denton County Unincorporated

Don Hartman
George Campbell
Dave Kovatch, Denton County At Large,
Treasurer

Board Members Absent

Richard Huckaby, Denton, Secretary
Mark Miller, Flower Mound

Legal Counsel

Pete Smith

DCTA Staff

Kristina Holcomb, Deputy Chief Executive
Officer
Marisa Perry, Chief Financial Officer, VP of
Finance
Nicole Recker, VP Marketing &
Communications

Other Attendees

Lindsey Baker, Director Strategic
Partnerships
Michelle Bloomer, Assistant VP Bus
Operations & Maintenance
Amanda Riddle, Budget Manger
Amber Karkauskas, Controller
Jonah Katz, Senior Planner
Ann Boulden, Senior Project Manager
Adrienne Hamilton, Communications
Manager
Chrissy Nguyen, Senior Accountant
Javier Trilla, Senior IT Manager
Ian Bryant, HNTB

Chairman, Charles Emery, called the meeting to order and announced the presence of a quorum at 1:30 p.m.

1. Routine Briefing Items

- a. Staff Briefing on Monthly Financial Reports – *Marisa Perry, Chief Financial Officer, VP of Finance, reported on the following:*
 - i. Monthly Financial Statements for August 2018
 - ii. Capital Projects Budget Report for August 2018
 - iii. Monthly Sales Tax Receipts
 - iv. Current Procurement Activities
 - *Kristina Holcomb, Deputy Chief Executive Officer, briefly discussed TTI Study. Marisa Perry, Chief Financial Officer/VP Finance, added that DCTA will have a plan around mid FY19.*
 - *Charles Emery, Board Chairman, gave mention to PTC funding from North Central Texas Council of Governments (NCTCOG), beyond the Chrissy Grant. He noted that there is a NCTCOG meeting scheduled for September 28, 2018 to look at funding opportunities.*
- b. Marketing and Communications – *Nicole Recker, VP Marketing and Communications, reported on the following:*
 - i. New Handouts
 - ii. UNT Orientation Activities Recap – *22 orientations and over 2,000 students with in depth face-to-face conversations*
 - iii. Highland Village Balloon Festival Recap
 - iv. State Fair of Texas Campaign Overview – *different fare promotion this year*
 - v. Monthly Media Report (August 2018)
- c. Strategic Planning and Development – *Lindsey Baker, Director of Strategic Partnerships, reported on the following:*
 - i. Regional Planning Initiatives Update
 - ii. Local Planning Update – *Stakeholder forum*
 - iii. Business Development and Partnerships Update – *extending services to Flower Mound medical/seniors, Coppell similar service to Alliance*
 - iv. Funding Opportunities Update
 - v. Land Use Planning & Development
- d. Capital Projects – *Kristina Holcomb, Deputy Chief Executive Officer, reported on the following projects:*
 - i. Positive Train Control
 - ii. Hike and Bike Trail – *Eagle Point Section*
 - iii. Lewisville Bus Fueling Facility
 - iv. Brownfield Investigation - *final report in October*
- e. Transit Operations Reports – *Michelle Bloomer, Assistant VP Bus Operations & Maintenance, reported on the following and gave an update on ridership:*
 - i. Bus and Rail Operations – *System On-Time Performance, Ridership Performance, Boardings, Safety & Security, Maintenance*

2. Committee Chair Reports
 - a. Program Services Committee report of items discussed at the September 18, 2018 meeting with Dave Kovatch as committee Chairman – *Dave Kovatch, Committee Chairman, reviewed and discussed the Chair report provided in the Board Packet*
3. Discussion of Regular Board Meeting Agenda Items (September 27, 2018) – *No discussion at this time*
4. Convene Executive Session – *The board did not meet in Executive Session*
5. Discussion of Future Agenda Items
 - *Charles Emery, Board Chairman, stated that Executive Committee still stands as the Legislative Committee; at the next executive committee, the Board may discuss legislature*
 - *Dianne Costa, Board Secretary, discussed having a Board Governance Facilitation before the February Board Retreat; this will be discussed at the next Executive Committee.*
6. ADJOURN at 2:33 p.m.

The minutes of the September 27, 2018 Work Session meeting of the Board of Directors were passed and approved by a vote on this 25th day of October 2018.

Charles Emery, Chairman

ATTEST

Dianne Costa, Secretary



Board of Directors

Board Meeting Minutes

The Board of Directors of the Denton County Transportation Authority convened the regular meeting of the Board of Directors with Charles Emery, Chairman presiding at on September 27, 2018 at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057.

Attendance

Small Cities

Connie White
Skip Kalb, Small Cities

Large Cities

Charles Emery, Lewisville, Chairman
Dianne Costa, Highland Village
Carter Wilson, Frisco (at 1:45)
Tom Winterburn, Corinth
Ron Trees, Little Elm
Allen Harris, The Colony

Denton County Unincorporated

George Campbell
Dave Kovatch, Denton County At Large,
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Board Members Absent

Richard Huckaby, Denton, Secretary
Mark Miller, Flower Mound
Don Hartman, Denton County
Unincorporated

Legal Counsel

Pete Smith

DCTA Staff

Kristina Holcomb, Deputy Chief Executive
Officer
Marisa Perry, Chief Financial Officer, VP of
Finance
Nicole Recker, VP Marketing &
Communications

Other Attendees

Lindsey Baker, Director Strategic
Partnerships
Michelle Bloomer, Assistant VP Bus
Operations & Maintenance
Amber Karkauskas, Controller
Ian Bryant, HNTB

CALL TO ORDER – *Chairman, Charles Emery, called the meeting to order and announced the presence of a quorum at 2:55 p.m.*

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS – *led by Connie White*

INVOCATION – *led by Skip Kalb*

AGENCY AWARDS AND RECOGNITIONS – *none to present at this time*

1. PUBLIC COMMENT – *no public comments at this time*

This agenda item provides an opportunity for citizens to address the Board of Directors on any agenda items or other matters relating to the DCTA. Anyone wishing to address the Board of Directors should complete a Citizen Comment Registration Card and submit it to the DCTA Administration prior to the start of the Board of Director meeting. There is a three (3) minute time limit for each citizen. Anyone wishing to speak shall be courteous and cordial. The Board of Directors is not permitted to take action on any subject raised by a speaker during Citizen Comments. However, the Board of Directors may have the item placed on a future agenda for action; refer the item to the DCTA Administration for further study or action; briefly state existing DCTA policy; or provide a brief statement of factual information in response to the inquiry.

2. CONSENT AGENDA

- a. Approval of Minutes for the Board Work Session and Regular Meeting on August 23, 2018
- b. Acceptance of Monthly Financial Statements for August 2018
- c. Approval and Authorization to execute interlocal contract with the Department of Information Services
 - *A Motion to approve the Consent Agenda items a - c was made by Allen Harris. The motion was seconded by Carter Wilson. Motion passed unanimously by the Board.*

3. REGULAR AGENDA

- a. Approval of Resolution 18-06 adopting FY 2019 Operating and Capital Budget
 - *A Motion to approve the Regular Agenda items a was made by Dave Kovatch. The motion was seconded by Skip Kalb. Motion passed unanimously by the Board.*
- b. Approval of Resolution 18-07 designating Raymond Suarez as the Alternate Investment Officer
 - *A Motion to approve the Regular Agenda items b was made by Connie White. The motion was seconded by Dave Kovatch. Motion passed unanimously by the Board.*
- c. Approval and Authorization to execute agreement with Texas Transportation Institute
 - *A Motion to approve the Regular Agenda items c was made by Dianne Costa. The motion was seconded by Carter Wilson. Motion passed unanimously by the Board.*

4. CONVENE EXECUTIVE SESSION – *The Board did not meet in Executive Session at this time*

5. CHAIR REPORT – *Charles Emery briefly discussed the dinner with DART and Trinity Metro; Lindsey Baker, Director Strategic Partnerships, will start attending TRTC; and he and Raymond Suarez, CEO met with Allen Clark and Chris Phelps*
6. PRESIDENT'S REPORT
 - a. Budget Transfers – *Marisa Perry, CFO, briefly discussed the Valley Ridge budget transfer: was part of the project and was not an operating expense, not capital*
 - b. Regional Transportation Issues – *No discussion at this time*
7. REPORT ON ITEMS OF COMMUNITY INTEREST – *Jim Cline, President, stated that there was positive feedback about DCTA in the community coming from Evergreen*
 - 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 – *Adjourned at 3:04 p.m.*

The minutes of the September 27, 2018 regular meeting of the Board of Directors were passed and approved by a vote on this 25th day of October 2018.

Charles Emery, Chairman

ATTEST

Dianne Costa, Secretary

**Board of Directors Memo****October 25, 2018****Subject:** 3(a) Review and Approval of Resolution 18-09 Approving the updated Title VI Policy Statement**Background**

DCTA provides services and operates programs without regard to race, color, and national origin in compliance with Title VI. Every three years, the Federal Transit Administration reviews the agency's Title VI programs and policies to ensure that DCTA's service provision, practices and/or projects do not discriminate or disproportionately impact Title VI populations.

Staff workshops were held in July 2018 and August 2018 and during that workshop staff determined there were two Title VI Policies requiring updates for the upcoming 2019 Program Update; the Title VI Policy Statement and the Major Service Change Policy. Community open house events were conducted in September 2018 to obtain public comments and feedback on the updated policies. During the three public meetings, staff received no comments opposing the proposed policy updates.

Identified Need

The proposed Title VI Policy Statement updates include changes to the major service change, disparate impact, and disproportionate burden policies as attached.

Recommendation

Staff recommends approval of the updates to the Title VI Policy Statement and Resolution 18-09.

Submitted by:

A handwritten signature in blue ink, appearing to read "Rusty Comer", is written over a horizontal line.

Rusty Comer, Bus Operations Business Manager

Final Review:

A handwritten signature in blue ink, appearing to read "Michelle Bloomer", is written over a horizontal line.

Michelle Bloomer, AVP Bus Operations

Approval:

A handwritten signature in blue ink, appearing to read "Kristina Holcomb", is written over a horizontal line.

Kristina Holcomb, Deputy CEO

RESOLUTION NO. 18-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (“DCTA”) APPROVING UPDATED TITLE VI POLICY STATEMENT; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Denton County Transportation Authority, as a recipient of federal funds, has been required to comply with Federal Transit Administration Circular 4702.1A and Title VI of the Civil Rights Act of 1964 and its related regulations; and

WHEREAS, the DCTA has developed a Title VI Policy in accordance with FTA Circular 4702.1A as amended; and

WHEREAS, Title VI of the Civil Rights Act of 1964 and related statutes prohibit discrimination on the basis of race, religion, color, national origin, sex, age, or disability; and

WHEREAS, the DCTA, as a recipient of federal financial assistance and a Federal Transit Administration designated recipient, is required to comply with Title VI requirements which include review and approval of a Title VI Nondiscrimination Program every three (3) years; and

WHEREAS, the DCTA is updating Title VI policies which will be included in the 2019 Title VI Program Update.

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

SECTION 1. The Denton County Transportation Authority Board of Directors hereby approves the update to the Title VI Policy Statement attached hereto as Exhibit “A”, Update, the original of which shall be maintained in the office of the Deputy DCTA CEO and referenced by the date and number of this resolution.

SECTION 2. This resolution shall be transmitted to the Federal Transit Administration and other funding agencies as appropriate.

SECTION 3. 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 4. 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 OCTOBER, 2018.

APPROVED:

Charles Emery, Chairman

ATTEST:

Dianne Costa, Secretary

APPROVED AS TO FORM:

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

Peter G. Smith, General Counsel
(PGS:10-18-2018:TM 103475)

Exhibit “A”
Title VI Policy Statement Update



DCTA'S TITLE VI POLICY STATEMENT

The Denton County Transportation Authority (DCTA) is committed to ensuring that no person shall, on the grounds of race, color, or national origin, as provided by Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987 be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, whether those programs or activities are federally funded or not.

It is DCTA's objective to:

- Ensure that the level and quality of transportation service is provided without regard to race, color or national origin;
- Identify and address, as appropriate, disproportionately high and adverse human health and environmental effects, including social and economic effects of programs and activities on minority populations and low-income populations;
- Promote the full and fair participation of all affected populations in transportation decision making including encouraging participation by affected populations on policy making boards and committees;
- Prevent the denial, reduction or delay in benefits related to programs and activities that benefit minority populations or low-income populations; and
- Ensure meaningful access to programs and activities by persons with limited English proficiency (LEP).

The DCTA Board of Directors, president, executive management, and all direct and indirect employees share the responsibility for carrying out DCTA's commitment to Title VI.

DEFINITIONS

The following definitions shall be used for the purposes of implementing the policies and programs associated with Title VI compliance

Contract Services – DCTA facilitated services provided under an agreement and/or contract to provide services for a designated group or purpose.

Demand Response Service - Any non-fixed route service transporting individuals that requires advanced scheduling. An advance request for service is a key characteristic of demand response service.

Designated Recipient – The Denton County Transportation Authority is the designated recipient for federal funds contributing to transit system capital programs and operations in the Denton/Lewisville Urbanized Area.

Discrimination – Any action or inaction, whether intentional or unintentional, in any program or activity of a Federal aid recipient, subrecipient, or contractor that results in disparate treatment, disparate impact, or perpetuating the effects of prior discrimination based on race, color, or national origin.

Disparate Impact – A facially neutral policy or practice that disproportionately affects members of a group identified by race, color, or national origin, where the recipient's policy or practice lacks a substantial legitimate justification and where there exists one or more alternatives that would serve the same legitimate objectives but with less disproportionate effect on the basis of race, color, or national origin.

Disparate Treatment – Actions that result in circumstances where similarly situated persons are intentionally treated differently (i.e., less favorably) than others because of their race, color, or national origin.

Disproportionate Burden - A neutral policy or practice that disproportionately affects low-income populations more than non-low-income populations. A finding of disproportionate burden requires the recipient to evaluate alternatives and mitigate burdens where practicable.

Commuter Service – Includes limited stop bus and rail services.

Fixed Guideway – A public transportation facility using and occupying a separate right of- way for the exclusive use of public transportation; using rail; using a fixed catenary system; for a passenger ferry system; or for a bus rapid transit system.

Fixed Route - Public transportation service provided in vehicles operated along predetermined routes according to a fixed schedule.

Limited English Proficient (LEP) - Persons for whom English is not their primary language and who have a limited ability to read, write, speak or understand English. It includes people who reported to the U.S. Census that they speak English less than very well, not well, or not at all.

Local Transit Service – Includes local fixed-route, local circulator/shuttle bus services and demand response bus services including Connect, Access, Connect RSVP and UNT Shuttle.

Low-income Populations & Areas – Low-income populations are those persons with an income of 80 percent or less of the national per capita income. "Low-income Areas" are residential land use areas within census tracts where the average per capita income is 80 percent or less of the national per capita income.

Minority Persons – Include those persons who self-identify themselves as being one or more of the following ethnic groups: American Indian and Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian and Other Pacific Islander, as defined in the FTA Title VI Circular.

Minority Population – Any readily identifiable group of minority persons who live in geographic proximity and, if circumstances warrant, geographically dispersed/transient populations (such as migrant workers or Native Americans) who will be similarly affected by a proposed DOT program, policy, or activity.

"Minority Areas" - Residential land use areas within Census tracts where the percentage of minority persons is higher than DCTA's service area average.

National Origin - The particular nation in which a person was born, or where the person's parents or ancestors were born.

Noncompliance - A FTA determination that the recipient is not in compliance with the DOT Title VI regulations and has engaged in activities that have had the purpose or effect of denying persons the benefits of, excluding from participation in, or subjecting persons to discrimination in the recipient's program or activity on the basis of race, color, or national origin.

Route-Level – Refers to the geographic level of analysis at the route alignment level by which the performance of a transit route is measured for equity.

Route-Service Area – A three-quarter mile radial buffer on either side of a transit route's alignment. A three-quarter mile radial buffer is used to ensure compliance with the American's with Disabilities Act guidelines.

Service Level – Refers to the span of service (hours of operation), days of operation, trips, and headways (service frequencies) for a transit route or the regional transit system.

Service Area – Refers either to the geographic area in which a transit agency is authorized by its charter to provide service to the public, or to the planning area of a State Department of Transportation or Metropolitan Planning Organization."

Service Span – The span of hours over which service is operated (e.g., 6 a.m. to 10 p.m.). The service span may vary by weekday or Saturday.

System-wide – The scope of DCTA's Title VI service standards and policies – these standards and policies are in affect for all DCTA services, actions, and operations.

Title VI Program - The documentation demonstrating DCTA's compliance with Title VI requirements. The program must be approved by the DCTA Board of Directors and submitted to FTA every three years.

Transit System – A coordinated urban network of scheduled public passenger modes including fixed-route local and express buses, light rail transit, bus rapid transit, and circulator bus services that provide mobility for people from one place to another.

SERVICE EQUITY POLICIES

Purpose of the Policy

The purpose of the Service Equity Policy is to define thresholds for determining major service changes and whether potential changes to existing transit services will have a disparate impact based on race, color or national origin, or whether potential service changes will have a disproportionately high or adverse impact on minority populations.

Basis for Policy Standards

Federal law requires the Denton County Transportation Authority to evaluate changes to transit services, as outlined in FTA Circular 4702.1B, effective October 1, 2012. In order to comply with 49 CFR Section 21.5(b)(a) and Appendix C to 49 CFR part 21, recipients shall "evaluate significant system-wide service and fare changes and proposed improvements at the planning and programming stages to determine whether those changes have a discriminatory impact. For service changes, this requirement applies to major service changes only. The recipient should have established guidelines or thresholds for what it considers a major change to be. This requirement applies to all changes in fare structure, price and type unless temporary in nature as noted under Exemptions.

A. Major Service Change Policy

According to DCTA, a major service change is a change that results in one or more of the following conditions (unless otherwise noted under Exemptions) and will be evaluated in accordance with the regulatory requirements set forth in FTA Circular 4702.1B:

- i. The establishment or elimination of a fixed bus route.
- ii. A substantial geographical alteration on a given route of more than 25 percent of its revenue miles.
- iii. A modification which causes a change in the number of daily revenue hours provided that is equivalent to a 25 percent or greater increase or decrease of the original daily hours provided.

B. Disparate Impact Policy

DCTA establishes that a fare change, major service change, or other policy results in a disparate impact if the minority populations will experience five (5) percent more of the cumulative burden, or experience five (5) percent less of the cumulative benefit, relative to the non-minority populations. To avoid, minimize, or mitigate disparate impacts, DCTA will develop and assess alternatives and/or modifications to proposed changes that will result in adverse impacts.

DCTA will implement alternatives or modifications to proposed changes to address adverse impacts unless:

- i. There is substantial legitimate justification for the change, and
- ii. No other alternatives exist that would serve the same legitimate objectives but with less disproportionate effects on the basis of race, color or national origin.

C. Fare Change Policy

A fare equity analysis will be conducted whenever the Authority implements a fare change, regardless of the amount of increase or decrease, except for those changes identified as exceptions in FTA Circular 4702.1B. A fare change is defined as an increase or decrease in fares:

- i. On the entire system,
- ii. On certain transit modes, or
- iii. By fare payment type or fare media.

D. Disproportionate Burden Policy

DCTA establishes that a fare change, major service change, or other policy results in a disproportionate burden if low-income populations will experience five (5) percent more of the cumulative burden, or experience five (5) percent less of the cumulative benefit, relative to non-low-income populations unless the disproportionate effects are mitigated.

E. New Starts or New Fixed Guideway System (Service Equity Analysis)

- i. A service and fare equity analysis will be conducted six months prior to the beginning of revenue operations, whether or not the proposed changes to existing service rise to the level of "major service change" as defined above. All proposed changes to parallel or connecting service will also be examined.
- ii. If an entity other than DCTA builds the project but DCTA will operate the service once complete, DCTA is responsible for the analysis.
- iii. The analysis will compare pre and post project service levels and shall determine based on the methods identified above if the service changed proposed due to the capital project will result in a disparate impact on minority populations and/or a disproportionate impact on low-income populations.
- iv. A fare equity analysis is required for any and all fares that will change as a result of the capital project.

F. When a Major Service or Fare Change is Deemed to Have a Disparate Impact and/or Disproportionate Burden

- i. Avoid, Minimize, or Mitigate Impact and/or Burden: If a proposed major service change or fare change is deemed to have a disparate impact and/or disproportionate burden, the Authority

shall consider modifying the proposed changes in order to avoid, minimize or mitigate the disparate impact(s) or disproportionate burden(s) of the proposed change. Any modifications to the proposed change must be reanalyzed according to the policies to determine whether the proposed change removed the disparate impacts and/or disproportionate burdens of the change.

- ii. No Alterations or Unable to Remove Impact and/or Burden: If the Authority chooses not to alter the proposed major service or fare change, or if modifications to the proposed major service or fare change do not remove the disparate impact(s) or disproportionate burden(s), the following steps must be taken:
 - a. If the Authority chooses not to alter the proposed major service or fare change, or if modifications to the proposed major service or fare change do not remove the disparate impact, the Authority may implement the major service or fare change only if:
 - i. The Authority has a substantial legitimate justification for the proposed service or fare change, and
 - ii. The Authority can show that there are no alternatives that would have a smaller disparate impact on minority riders that would still accomplish the Authority's legitimate program goals.
 - b. If the Authority chooses not to alter the proposed major service change or fare change, or if modifications to the proposed major service change or fare change do not remove the disproportionate burden on low-income riders; the Authority shall take steps to avoid, minimize, or mitigate those impacts where practicable, and the Authority should describe alternative service and/or fares available to low income customers.

Exemptions

The major service change thresholds exclude any changes to service that are caused by the following:

- i. Discontinuance of Temporary or Demonstration Services – The discontinuance of a temporary transit service or demonstration service that has been in effect for less than one year. If a temporary service addition or change lasts longer than twelve months, then FTA considers the service addition or change permanent and the transit provider must conduct a service equity analysis if the service otherwise qualifies as a major service change.
- ii. Natural or Catastrophic Disasters – Forces of nature such as earthquakes, wildfires, or other natural disasters, or human-caused catastrophic disasters that may force the suspension of scheduled transit service for public safety or technical reasons.
- iii. Auxiliary Transportation Infrastructure Failures – Failures of auxiliary transportation infrastructure such as vehicular bridges, highway bridge overpasses, tunnels, or elevated highways that force the suspension transit service.
- iv. Overlapping Services – A reduction in revenue miles on one line that is offset by an increase in revenue miles on the overlapping section of an alternative transit route (an overlapping section is where two or more bus routes or rail lines share the same alignment, stops, or stations for a short distance).
- v. Seasonal Service and Special Events – Changes to bus service levels on routes which occur because of seasonal ridership changes and event activities served by dedicated temporary bus routes or increased service frequencies.
- vi. Temporary Route Detours – A short-term change to a route caused by road construction, routine road maintenance, road closures, emergency road conditions, fiscal crisis, civil demonstrations, or any uncontrollable circumstance.
- vii. "Spare the air days" or other instances when a local municipality or transit agency has declared that all passengers ride free.

- viii. Temporary fare reductions that are mitigating measures for other actions. For example, construction activities may close a segment of a rail system for a period of time and require passengers to alter their travel patterns. A reduced fare for these impacted passengers is a mitigating measure and does not require a fare equity analysis.
- ix. Promotional fare reductions. If a promotional or temporary fare reduction lasts longer than six months, then FTA considers the fare reduction permanent and the transit provider must conduct a fare equity analysis.

CAPITAL PROJECTS

DCTA will integrate an analysis of impact to minority and low-income population into National Environmental Policy Act documentation of construction projects. When preparing documentation for a categorical exclusion (CE), the DCTA will meet this requirement by completing and submitting a standard CE checklist of the FTA, which includes a section on community disruption and environmental justice. When preparing an environmental assessment (EA) or environmental impact statement (EIS), the DCTA will, at a minimum, integrate into the documents the following components:

- i. A description of the low-income and minority population within the study area affected by the project, and a discussion of the method used to identify this population (e.g., analysis of Census data, minority business directories, direct observation, or a public involvement process).
- ii. A discussion of all adverse effects of the project both during and after construction that would affect the identified minority and low-income population.
- iii. A discussion of all positive effects that would affect the identified minority and low-income population, such as an improvement in transit service, mobility, or accessibility.
- iv. A description of all mitigation and environmental enhancement actions incorporated into the project to address the adverse effects, including, but not limited to, any special features of the relocation program that go beyond the requirements of the Uniform Relocation Act and address adverse community effects such as separation or cohesion issues; and the replacement of the community resources destroyed by the project.
- v. A discussion of the remaining effects, if any, and why further mitigation is not proposed.
- vi. For projects that traverse predominantly minority and/or low-income and predominantly non-minority and/or non-low-income areas, a comparison of mitigation and environmental enhancement actions that affect predominantly low income and/or minority areas with mitigation implemented in predominantly nonminority and/or non-low-income areas. When it is determined that there is no basis for such a comparison, the document shall describe why that is so.

LIMITED ENGLISH PROFICIENCY

DCTA is committed to taking reasonable steps to ensure meaningful access to the benefits, services, information, and other important portions of their programs and activities for individuals who limited English proficiency. DCTA's commitment to these requirements is outlined in its Limited English Proficiency Plan.

PUBLIC PARTICIPATION

For all proposed major service and fare changes, capital project and policy initiatives, DCTA will conduct public meetings in accordance with its Public Participation Plan.

Major Service Change Policy

Current:

The following is considered a major service change (unless otherwise noted under Exemptions), and will be evaluated in accordance with the regulatory requirements set forth in FTA Circular 4702.1B:

- Route Level Service Reduction or Elimination
 - Reducing an existing route by more than 25% of weekday route revenue miles, or
 - Reducing an existing route by more than 25% of Saturday route miles, or
 - Reducing the number of directional route miles more than 25%, or
 - A change in route alignment resulting in 25% or greater variance from the existing route alignment, or
 - In situations where service would be reduced or eliminated in jurisdictions where minority and/or low-income populations exceed the transit system service area.
- Route Level Expansion or Addition of a New Route
 - Adding a new route, or
 - Expansion of an existing route that increases weekday route revenue miles by more than 25%, or
 - Expansion of an existing route that increases Saturday route revenue miles by more than 25%, or
 - Expanding the number of route directional miles more than 25%, or
 - A change in a route alignment resulting in a 25% or greater variance from the existing route alignment.

Proposed:

According to DCTA, a major service change is a change that results in one or more of the following conditions:

- The establishment or elimination of a fixed bus route.
- A substantial geographical alteration on a given route of more than 25 percent of its revenue miles.
- A modification which causes a change in the number of daily revenue hours provided equivalent to 25 percent or greater of the original daily hours provided.

Disparate Impact Policy

Current:

When conducting a service or fare change equity analysis, the following thresholds will be used to determine when a service or fare would have a disparate impact on minority populations:

- Service Level and Service Area Reduction – If the percentage of minority passengers on an affected route is greater than the transit system's minority ridership (within the approximate dataset's margin of error) by transit classification (local, express, community circulators, campus routes, etc.).
- Route Level Expansion of Addition of a New Route – If a service level expansion or service area expansion is considered that coincides with a reduction in transit service on the same route or other routes, and the route(s) considered for service expansion predominantly serves non-minority and/or non-low-income geographic areas while the route(s) considered for reduction predominately serve minority and/or low-income geographic areas, then a disproportionate burden may be determined.

A disproportionate burden will be determined if the percentage of minority passengers on an affected route considered for service expansion is less than the transit system's minority ridership percentage by transit classification and if the percentage of minority passengers on an affected route considered for service reduction is greater than the transit system's minority ridership percentage by transit classification.

- Fare Increase or Change in Fare Type – If an increase to fare or a change in fare type is considered, a disproportionate burden may be determined if the percentage of minority passengers using the affected fare is greater than the transit system's minority ridership percentage.
- The determination of the transit system and the route's minority and/or low-income population will be derived from the following data sources: most recently completed statistically valid regional on-board and destination survey; most recently completed customer surveys and demographic data by census tract.

Proposed:

DCTA establishes that a fare change, major service change, or other policy has a disparate impact if the minority populations will experience five (5) percent more of the cumulative burden, or experience five (5) percent less of the cumulative benefit, relative to the non-minority populations. To avoid, minimize, or mitigate disparate impacts, DCTA will develop and assess alternatives and/or modifications to proposed changes that will result in adverse impacts.

DCTA will implement alternatives or modifications to proposed changes to address adverse impacts unless:

- There is substantial legitimate justification for the change, and
- No other alternatives exist that would serve the same legitimate objectives but with less disproportionate effects on the basis of race, color or national origin.

Disproportionate Burden Policy

Current:

When conducting a service or fare change equity analysis, the following thresholds will be used to determine when a service or fare change would have a disproportionate burden on low-income populations:

- Service Level and Service Area Reduction – If the percentage of low-income passengers on an affected route is greater than the transit system's low-income ridership (within the approximate dataset's margin of error) by transit classification (local, express, community circulators, campus routes, etc.).
- Route Level Expansion of Addition of a New Route – If a service level expansion or service area expansion is considered that coincides with a reduction in transit service on the same route or other routes, and the route(s) considered for service expansion predominantly serves non-minority and/or non-low-income geographic areas while the route(s) considered for reduction predominately serve minority and/or low-income geographic areas, then a disproportionate burden may be determined.
- A disproportionate burden will be determined if the percentage of low-income passengers on an affected route considered for service expansion is less than the transit system's low-income ridership percentage by transit classification and if the percentage of low-income passengers on an affected route considered for service reduction is greater than the transit system's low-income ridership percentage by transit classification.
- Fare Increase or Change in Fare Type – If an increase to fare or a change in fare type is considered, a disproportionate burden may be determined if the percentage of low-income passengers using the affected fare is greater than the transit system's low-income ridership percentage.
- The determination of the transit system and the route's minority and/or low-income population will be derived from the following data sources: most recently completed statistically valid regional on-board and destination survey; most recently completed customer surveys and demographic data by census tract.

Proposed:

DCTA establishes that a fare change, major service change, or other policy has a disproportionate burden if low-income populations will experience five (5) percent more of the cumulative burden, or experience five (5) percent less of the cumulative benefit, relative to non-low-income populations unless the disproportionate effects are mitigated.



Board of Directors Memo

October 25, 2018

Subject: Approval of Resolution 18-08 Approving Financial Management Policies and Annual Investment Policy for FY2019

Background

DCTA Financial Management 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. Any changes proposed by the Finance Committee will be forwarded to the Board for review and final action.

The Investment Policy is included the Financial Management Policies document. 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.

It is the policy of the Denton County Transportation Authority (DCTA) that the administration and investment of its funds shall be handled in a manner that maintains the highest public trust. Investments shall be made that 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.

The last adoption by the Board of the DCTA Investment Policy was on October 26, 2017. 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. Included for your reference is the letter from FSAM confirming their review of the investment policy and outlining the recommended changes. The attached red-lined document incorporates these changes as well as slight formatting adjustments for clarification and ease of reading. No other changes are recommended.

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. 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 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.

Recommendation

The Financial Policies were presented to the Finance Committee on October 15, 2018 and are forwarded to the Board for adoption. Staff recommends the Board of Directors approve Resolution 18-08 to approve the financial management policies and annual investment policy for FY2019.

Final Review:


Marisa Perry, CPA
Chief Financial Officer/VP of Finance

Approval:


Raymond Suarez
CEO



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

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

Scott McIntyre
Managing Director

Scott.mcintyre@hilltopsecurities.com

POLICY REVIEW

October 10, 2018

Ms. Marisa Perry, CPA
Chief Financial Officer/VP of Finance
Denton County Transportation Authority
1955 Lakeway Drive, Suite 260
Lewisville, TX 75057

Dear Marisa:

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 2018, so there are no required changes. In order to bring the DCTA investment policy in full compliance with the Texas Public Funds Investment Act, we recommend the following minor change:

Amend Section VIII. AUTHORIZED INVESTMENTS

C. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed ~~180~~ 90 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.

Rationale: There is actually no stated maturity limit in the Act for Repurchase Agreements, but the statutory limit on Reverse Repurchase Agreements is 90 days. The proposed 90-day limit on repurchase agreements makes the two sides consistent.

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
Managing Director

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 18-08**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING THE DCTA FINANCIAL MANAGEMENT POLICIES AND UPDATING THE DCTA INVESTMENT POLICY; APPOINTING THE INVESTMENT OFFICERS AND AUTHORIZING INVESTMENT TRANSACTIONS ON BEHALF OF THE DCTA; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Comprehensive Financial Management Policy assembles the Denton County Transportation Authority's (DCTA) financial policies in one document, which are the tools to ensure that DCTA is financially able to meet its immediate and long-term service objectives. The individual policies 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 by DCTA Bylaws; and

WHEREAS, 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; and

WHEREAS, DCTA Financial Management Policies and the DCTA Investment Policy are presented to the DCTA Finance Committee for review after the start of each fiscal year but prior to the start of the next year's budget process. Any changes proposed by the DCTA Finance Committee will be forwarded to the DCTA Board for review and final action; and

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 the DCTA Investment Policy; and

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

WHEREAS, the Board of Directors of the DCTA finds it to be in the public interest to approve and adopt the DCTA Financial Management Policies and the updated DCTA Investment Policy attached hereto as Exhibits "A" and "B";

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

SECTION 1. The DCTA Financial Management Policies and updated DCTA Investment Policy, attached hereto as Exhibits “A” and “B”, be and the same is hereby approved and shall govern the financial policies and 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 DCTA Financial Management Policies and the DCTA Investment Policy and any changes to such policies are recorded in Exhibits “A” and “B”, attached hereto.

SECTION 3. The DCTA Chief Financial Officer, Marisa Perry, is hereby designated the Investment Officer, and DCTA President, Raymond Suarez, 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 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 25TH DAY OF OCTOBER, 2018.

APPROVED:

Charles Emery, Chairman

ATTEST:

Dianne Costa, Secretary

APPROVED AS TO FORM:

A handwritten signature in cursive script that reads "Peter G. Smith". The signature is written in dark ink and is positioned above a horizontal line.

Peter G. Smith, General Counsel
(PGS:10-18-18:TM 103356)

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

Denton County Transportation Authority
Financial Management Policies
(Previously Adopted May 2018)

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

Operating Policies

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 Management 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. Any changes proposed by the Finance Committee will be forwarded to the Board for review and final action.

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 ensure an optimum balance between demand for service and resources to provide.

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

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 cash flow 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~~ unrestricted net position. 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 budgeted 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 \$0.50 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 Officer (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 deemed~~ 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. Fund 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

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

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.

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

- 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.

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

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's financial 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. DCTA is committed to a balanced budget, where current year expenses do not exceed current year revenues and applicable/specific 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 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 any increase to 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.

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

f. Definitions:

- i. Budget Amendment – Shall mean a change in the total adopted 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-increase 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~~expenditure 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 effectively 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.

Resolution 18-08
Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

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 principles for State, local, and Indian Tribal Governments for determining costs for Federal Awards. Item 5 of the Circular states that, "The principles 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 insurers, etc.) through negotiation, RFQ process or as defined for professional services under DCTA's procurement procedures.

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Exhibit "A"
Denton County Transportation Authority
Financial Management Policies

- 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; and
 - 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.

Resolution 18-08
Exhibit "B"
Denton County Transportation Authority
Investment Policy

INVESTMENT POLICY (As adopted 10/26/2017 with redlined changes)

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 cash flow forecasts; limiting investment types to those specifically authorized by this policy; diversifying investments; and, monitoring credit ratings on selected investment types.

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Exhibit "B"
Denton County Transportation Authority
Investment Policy

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.

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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.

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Exhibit "B"
Denton County Transportation Authority
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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. See Attachment II for a list of Board approved broker/dealers. 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 ~~180-90~~ 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
- f. Interest bearing bank savings deposits issued by state and national banks or savings bank or a state or federal credit union (having their main or branch office in Texas) that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their successor organizations).

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.

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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 an approved broker/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, investment pool, investment manager 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 ~~investment pools and investment managers exercising discretion~~ the transacting organization 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 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.

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Denton County Transportation Authority
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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:

<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%
Interest Bearing Bank Savings Deposits	25%

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, or
- 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.

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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 consisting of no less than 10 hours of instruction relating to investment responsibilities within twelve months of taking office or assuming duties, and subsequently shall receive a minimum of 10 hours 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. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment

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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.

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Denton County Transportation Authority
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Attachment I

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

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Attachment II

Board Approved Broker/Dealers List



Approved Broker/Dealers March 2018
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Bank of America Merrill Lynch
BOK Financial
Cantor Fitzgerald & Co
Citigroup Global Markets
D.A. Davidson
Daiwa Capital Markets
FTN Financial
Goldman, Sachs & Co
INTL FCStone
JP Morgan Securities
KeyBanc Capital Markets
*Loop Capital Markets ***
Mesirow Financial
Mizuho Securities
Morgan Stanley & Co
Piper Jaffray & Co.
Raymond James
RBC Capital Markets
*Rice Financial ***
SunTrust Robinson Humphrey
Stifel, Nicolaus & Co.
TD Securities
UBS Securities
Vining Sparks
Wells Fargo Securities
*Williams Capital Group ***

* **Bold face font indicates firm is a Primary Dealer.**

** *Dark blue italics font indicates firm is an Historically Underutilized Business (HUB) or Minority/Women Owned Business (MWOB).*

**Board of Directors Memo****October 25, 2018****Item: 3(c) Award of Contract for Construction of A-trail Bide and Pedestrian Trail-Eagle Point Section to Northstar Construction, LLC.****Background**

This project will result in completion of the DCTA Hike and Bike Trail from the Downtown Denton Transit Center to Hebron Station. This final section is approximately 1.9 miles, from Mill Street and Jones in Lewisville to the Highland Village/Lake Lewisville station. Items of work will include grading and excavation, paving, retaining walls, safety fencing and benches in rest area.

An RFB was released on August 10, 2018, for the construction of the Bike and Pedestrian trail-Eagle Point Section. Five (5) bids were received on September 11, 2018, and were reviewed and evaluated by a panel of staff along with Jacobs Engineering Group. The bid tabulation has been provided to TxDOT for their review and concurrence for award by DCTA. DCTA is awaiting final approval of the recommendation for award.

Northstar Construction, LLC, was the lowest responsive-responsible bidder with a total bid of \$2,598,777.

The DBE goal for the project was set at 4.5% of the total contract value. Northstar Construction, LLC., has committed to meet and exceed this goal with a total commitment of 12.38%. This commitment is currently under review by TxDOT.

Financial Impact

DCTA executed an advance funding agreement with TxDOT for total project cost including construction and other fees in the amount of \$2,396,698.50, with \$599,174.50 as the local match. DCTA will receive a reimbursement of eighty percent (80%) from TxDOT for construction of this project.

Recommendation

Staff requests the Board approve the award of the contract to Northstar Construction, LLC and authorize the CEO to execute the contract upon receipt of approval and concurrence from TxDOT.

Submitted by: 

Athena Forrester
AVP of Regulatory Compliance

Approval: 

Raymond Suarez
CEO

**Board of Directors Memo****October 25, 2018****Subject: 3(d) Approval of Task Order to Jacobs Engineering Group for Bike and Pedestrian Trail-Eagle Point Section****Background**

The Hike and Bike trail between downtown Denton and the Hebron Station is complete with the exception of the 1.9 miles between the Highland Village Station and Mill Street and Jones in Lewisville. Because of the proximity of the Eagle Point grade crossing, the original alignment took the trail through part of the Corps of Engineers property, just south of the Highland Village Station. With the impending closure of the Eagle Point crossing, the City and the local business owners have asked us to move a portion of the trail into the railroad right-of-way.

Jacobs Engineering Group developed the scope and engineering drawings for the Lewisville portion of the A-train Rail Trail. This task order represents their engineering and survey efforts to re-align the trail into the right-of-way.

Identified Need

This task order amendment will provide for additional engineering and survey services related to moving approximately two thousand lineal feet of the Lewisville Trail from the Corps of Engineer's property into the DCTA right-of-way. The resulting alignment will be several hundred feet shorter than the current alignment, but there are some drainage and safety barrier challenges.


Financial Impact

The original task order to Jacobs Engineering amount was \$632,662.80, the first amendment was \$32,000 and the second amendment was \$42,500. The total cost for amendment three is \$110,000, for a revised task order amount of \$817,162.80. Lewisville Trail project budget in the amount of \$3.5 million has been approved by the Board and is included in the current Capital Projects. The construction cost is funded 80/20 by a grant from TxDOT.

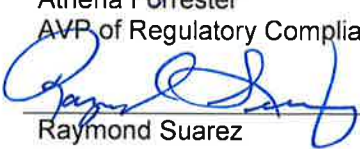
Recommendation

Staff recommends the Board of Directors authorize the CEO to execute Amendment No. 3 Task Order No. 3 with Jacobs Engineering Group in an amount not to exceed \$110,000.

Submitted by:


Athena Forrester
AVP of Regulatory Compliance

Approval:


Raymond Suarez
CEO

Capital Edge

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Washington Report

CapitalEdge

1212 New York Ave., NW
Suite 250
Washington, DC 20005

(202) 842-4930

Fax: (202) 842-5051

www.capitaledge.com

Twitter:

[@CapitalEdgeDC](https://twitter.com/CapitalEdgeDC)

WASHINGTON REPORT

SENATE ADJOURNS UNTIL AFTER ELECTIONS

CONGRESS

Congress is now closed until after the November elections. Congressional reporters like to say that they can “smell the jet fumes in the air” from nearby Washington National Airport when Congress is close to adjourning for a recess and Members are eager to get home.

Carrying forward that metaphor, the fumes were strong on Thursday as Senate leaders negotiated the approval of a number of Judicial Branch and Executive Branch nominees. If those talks were successful, Senate Majority Leader Mitch McConnell (R-KY) was prepared to adjourn the chamber through the November elections. In order to secure swift approval of 15 federal judges and several other nominations, McConnell successfully sought “unanimous consent” from Democrats to cut short debate and go straight to a vote on each.

Once those votes were completed, and the nominees were approved (a list can be found here: <http://bit.ly/2EhSVbD>), Senators were free to join their House colleagues who had adjourned two weeks earlier to campaign. While House Democrats feel that they have a fighting chance to “flip” at least 23 seats and take control of that side of the Capitol, Senate Democrats probably face longer odds, even though there is only a two-seat difference in that chamber. Ten Senate Democrats from states won by President Trump in 2016 face re-election next month, while only one incumbent Republican from a state won by Hillary Clinton will face the voters.

Senator also cleared the 2018 Water Resources Development Act (WRDA) for the President’s signature this week, maintaining the biennial tradition of approving this bill that authorizes flood control, navigation, and other water-related projects at the Army Corps of Engineers (see related story below). No matter which party controls Congress post-November 6, Congress will have to return to Washington to consider the parts of the FY 2019 budget that were not enacted prior to the

October 1 start of the new fiscal year. A number of agencies, including the Departments of Transportation, HUD, Justice, Homeland Security, State, Agriculture, Interior, and EPA, are operating under a Continuing Resolution (CR) that keeps programs running at or near FY 2018 levels through December 7.

While some of those agencies are hoping for a quick resolution on their budgets during the post-election “lame duck” session, the Departments of Justice and Homeland Security are likely to be embroiled in some good old-fashioned partisan budget fights this winter. President Trump has been saying for weeks now that he would veto any budget bills that did not include significant funding for construction of a wall along the Mexican border and Senate Republicans supported that position this week.

McConnell went to far as to say that there could be a partial government shutdown in December if enough Senate Democrats did not support border wall funding.

WATER RESOURCES

Senate clears WRDA for President’s signature. By a vote of 99-1, the Senate approved a Water Resources Development Act (WRDA) measure (S 3021) that House and Senate negotiators had agreed to last month. The House approved the negotiated bill in September and President Trump is expected to sign it.

Broadly speaking, the consensus WRDA measure will not make major changes to Corps civil works programs. It authorizes \$6.1 billion for 12 new Army Corps of Engineers civil works projects, modifies over two dozen previously authorized projects, authorizes feasibility studies for 12 projects, and authorizes the Corps to expedite feasibility studies for another three dozen projects.

However, the bill does include one especially noteworthy provision: Section 1102, which

calls on the Corps to work with the National Academies of Sciences and an array of other federal natural resources and security agencies to convene a committee of experts to carry out a comprehensive study on the Corps civil works program, including:

- The ability of the Corps to carry out its statutory missions and responsibilities,
- The potential effects of transferring the functions of the Corps civil works program from the Department of Defense, and
- Improving the Corps project delivery processes, including recommendations for such improvements, considering:
 - The effect of the annual appropriations process on the ability of the Corps to efficiently secure and carry out contracts for water resources projects and perform regulatory obligations;
 - The effect that the current Corps of Engineers leadership and geographic structure at the division and district levels has on its ability to carry out its missions in a cost-effective manner; and
 - The effect of the frequency of rotations of senior leaders of the Corps of Engineers and how such frequency affects the function of the district.

The Committee must submit a report to Congress within two years.

Another study in the bill (Section 1204) that was popular among a number of Members of Congress directs the federal General Accountability Office (GAO) to conduct a review of the benefit-cost procedures of the Corps and White House Office of Management and Budget (OMB). Within a year, GAO must present Congress with a report that includes regulatory and legislative recommendations for improving the manner in which those two agencies conduct cost-benefit analyses for Corps projects. Non-federal sponsors of Corps projects across the country feel that the current procedures for determining benefit-cost ratios for flood control and other Corps projects – which are critical to determining if the projects get funded -- do not adequately address local factors such as low housing costs and the value of agricultural land.

Nothing highlights congressional frustration with the Corps civil works program more than the \$96 billion backlog of Corps civil works projects. The oft cited \$96 billion figure does not reflect the fact many authorized civil works projects will never receive appropriations and will never be built, so much of the backlog is on paper only. Nevertheless, it illustrates the size of the gap between need and funding.

To address the backlog, the bill directs the Corps to identify \$4 billion in inactive projects that are no longer viable for construction. The projects identified by the Corps would be deauthorized absent congressional action to disapprove the entire list of projects. In addition, to prevent the backlog from growing, the bill deauthorizes any project it authorizes if the project has not received funding or been modified by Congress within 10 years. It also require the Corps to continue regularly preparing a backlog report of all authorized projects that have not received funding.

Other provisions of the enacted WRDA include:

- ◆ Reauthorization of the FEMA Levee Safety Initiative through FY 2023,
- ◆ Reauthorization of the FEMA Dam Safety Program through FY 2023,
- ◆ Allowing the Corps to credit towards the non-federal match for work completed by a non-federal partner on a civil works project prior to enactment of WRDA-2018,
- ◆ Requiring the Corps to prepare a study on flood policy within urban areas that outlines federal policy constraints to address urban flooding, with specific reference to policies that outline federal and local responsibility (33 CFR 238/ <https://bit.ly/2xhKTJ1>), and
- ◆ Making it easier for non-federal interests to study, construct, and advance fund civil works projects.

The consensus WRDA bill reauthorizes the State Drinking Water Revolving Loan Fund through FY 2021 at \$1.174 billion in FY 2019 growing to \$1.95 billion in FY 2021. The bill also reauthorizes the WIFIA Loan Program at \$50 million per year through FY 2021.

Other provisions in the bill related to municipal utilities include:

Authorizing \$500 million over two years for sewer overflow and stormwater reuse municipal grants,
Allowing water utilities to send reports

to customers regarding compliance with federal drinking water standards electronically,
Adding reporting about corrosion to annual water quality reports,
Requiring EPA to update water quality reporting regulations to improve comprehension and accuracy, and
Creation of a Stormwater Infrastructure Funding Task Force that includes local officials to conduct on and develop recommendations to improve the availability of funding for stormwater infrastructure.

A copy of the WRDA agreement is at: <http://bit.ly/2OSQkZB>

GRANTS & NOTICES

Department of Homeland Security

DHS issued a proposed rulemaking that would expand the definition of “public charge” to determine immigrant eligibility for residency, based on their use of public benefits such as Medicare Part D, institutionalization for long-term care, Supplemental Nutrition Assistance Program, and Section 8 public housing. Public comments are due December 10: <https://bit.ly/2pCG21r>

National Endowment for the Humanities

NEH is seeking applications for its Sustaining Cultural Heritage Collections competitive grant program to support planning and implementation projects that help cultural institutions preserve large and diverse holdings of humanities materials. Cost sharing is not required. Applications are due December 12: <https://bit.ly/2e1CIHo>

Department of Health & Human Services

HHS awarded over \$2 billion in FY 2018 Ryan White HIV/AIDS Program grants: <https://bit.ly/2Eh554z>

Department of Housing and Urban Development

HUD awarded \$47 million through its FY 2018 Housing Counseling Grant program: <http://bit.ly/2Pvb6vu>

Department of Transportation

DOT is requesting public comments for suggestions on how to facilitate research on the safety of automated vehicles. Comments are due November 26: <https://bit.ly/2CejBrC>

Baseball Tomorrow Fund

The Baseball Tomorrow Fund is accepting applications its program to support nonprofit projects for youth baseball or softball programs. The average grant award is \$40,000. Applications are due January 1:

<http://bit.ly/1BRxfLh>

Public Library Association

PLA is seeking applications from public libraries for its new Promoting Healthy Communities: Libraries Connecting You to Coverage initiative. Up to 120 awardees will receive \$300 mini-grants to increase communication about the Affordable Care Act open enrollment period. Applications are due October 21:

<https://bit.ly/2OioJ4y>

Walmart Foundation

The Walmart Foundation is accepting applications for the Community Grant Program that will provides grants of up to \$5,000 in the areas of hunger relief and healthy eating, health and human services, quality of life, education, community and economic development, diversity and inclusion, public safety, and environmental sustainability. Applications are due December 31:

<http://bit.ly/2yxXRHP>

KidsGardening

KidsGardening is accepting applications for School Garden Packages to create or maintain youth gardening programs. A total of 25 organizations will receive funding from \$500 to \$2,100. Applications are due December 17:

<http://bit.ly/2pMICC3>