

~ NOTICE OF MEETING ~
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING
2910 East Fifth Street Austin, TX 78702

~ Agenda ~

Executive Assistant/Board Liaison Gina Estrada
512-389-7458

Monday, January 29, 2018

12:00 PM

Capital Metro Board Room

I. Pledge of Allegiance

II. Safety Briefing

III. Public Comment:

IV. Advisory Committee Updates:

1. Update on the Customer Satisfaction Advisory Committee (CSAC)
2. Update on the Access Advisory Committee (AAC)

V. Executive Session of Chapter 551 of the Texas Government Code:

Section 551.072 for real property issues - real estate - Plaza Saltillo and Section 071 for legal matters and Section 551.074 for personnel matters regarding President/CEO employment agreement.

VI. Board Committee Updates:

1. Operations, Planning and Safety Committee
2. Finance, Audit and Administration Committee; and
3. CAMPO update

VII. Consent Items

1. Approval of Minutes from the December 11, 2017 Board Worksession; December 13, 2017 Board Worksession; and December 18, 2017 Board Meeting.
2. Appointment of Lin Rui Li to the Customer Satisfaction Advisory Committee.
3. Appointment of Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.
4. Approval of a resolution approving Capital Metro's Investment Policy for 2018.

5. Approval of a resolution authorizing the Interim President/CEO, or her designee, to execute a contract with Vehicle Inspection Systems, Inc. for the purchase of dynamic brake tester equipment for the North Operations facility and 2910 Fleet Operations facility in an amount not to exceed \$275,640.

6. Approval of a resolution appointing Kerri Butcher, Chief Counsel, to the Capital Metro Investment Committee as an interim committee member with the authorization to withdraw, invest, reinvest and accept payment with interest, consistent with the investment policy.

7. Approval of a resolution authorizing the Interim President/CEO, or her designee, to finalize and execute a contract with ASD Consultants, Inc. for the North Operations Rail Maintenance Facility addition in an amount not to exceed \$327,777, for the construction of additional storage space for new railcar spare parts.

VIII. Action Items:

1. Approval of a resolution appointing officers of the Capital Metro Board of Directors for 2018.

2. Approval of a resolution confirming the appointments to the Finance, Audit and Administration Committee and Operations, Planning and Safety Committees for 2018.

3. Approval of a resolution by the Board of Directors to offer Randy Clarke the position of General Manager and President/Chief Executive Officer of the Capital Metropolitan Transportation Authority under the terms and conditions reflected in the attached Employment Agreement. Upon acceptance of this offer by Randy Clarke, the Board Chairperson is hereby authorized to execute the agreement.

IX. Reports:

1. President's Report

X. Items for Future Discussion:

XI. Adjournment

ADA Compliance

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**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4031)
CSAC Report**

CSAC Report



**Customer Satisfaction Advisory Committee
January 10th, 2018
209 W. 9th Street, Austin, Texas 78701
6:00 p.m. – 7:15 p.m.**

Call to Order:

Chairman Foster called the meeting to order at 6:00 p.m.

Introductions:

Committee members present were Chairman David Foster, Rich MacKinnon, Betsy Greenberg, Elizabeth Stehl, and Jeff Lewis. The newest committee members, Ms. Stehl and Mr. Lewis, introduced themselves.

Capital Metro staff members present were Sam Sargent and Kendall Jackson.

Citizen Communication:

There were no citizens present to provide public comment.

New Business

January 2018 Service Change

Sam Sargent, Interim Program Manager, Capital Metro

Mr. Sargent presented on the January 2018 Service Changes. Capital Metro introduced new service for Northwest Express routes and retired duplicate services. The Northwest Express routes are using the Mopac Express lanes, allowing an increase of trips from 97 to 146. Route 983 is retiring, being replaced by added hours and trips on the 982 and 985. There are two new routes, the 980 and 981. There are four new trains on Red Line which are now fully operational.

2018 Committee Work Plan

David Foster, Committee Chair

The committee discussed the proposed 2018 Work Plan. Committee members will send feedback to Ms. Jackson if they desire any changes.

2018 Committee Bylaws Update

Sam Sargent, Interim Program Manager, Capital Metro

Mr. Sargent has sent the Committee Bylaws to the committee members for review on their own time. He asked committee members to email any feedback to Ms. Jackson.

**Capital Metro CEO Finalists**

Sam Sargent, Interim Program Manager, Capital Metro

Mr. Sargent provided an update on the CEO search. There are four finalists, each of whom was interviewed on January 8th at a public forum. The Board of Directors is seeking feedback from CSAC members. Committee members can watch the video on Capital Metro's Facebook page and email their thoughts to the Feedback email or to Mr. Sargent directly.

Action Items**Approval of November 2017 Minutes**

Chair Foster motioned to approve the November 2017 minutes. Ms. Greenberg seconded the motion. The two new committee members abstained from voting. The motion carried 3-0.

Adjournment

The committee adjourned at 7:15 p.m.

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4030)
ACCESS Committee Report**

ACCESS Committee Report



Access Advisory Committee
January 3rd, 2018
2910 E. 5th Street, Austin, Texas 78702
5:30 – 6:30 p.m.

Call to Order:

Chairman Chris Prentice, Access Advisory Committee

Chairman Prentice called the meeting to order at 5:30 p.m.

Introductions:

Committee members present were Chairman Chris Prentice, Vice Chairman Paul Hunt, Estrella Barrera, Molly Birrell, John McNabb, Pat Thomas, and Mike Gorse.

Capital Metro staff members present were Chad Ballentine, Martin Kareithi, Kendall Jackson, and Eric Bustos.

Capital Metro contractor staff present were Paul Hamilton, Brenda _____, Regina Marshall, and Jeff Dennin.

MetroAccess Statistics & Technology Update

Chad Ballentine, Director of Paratransit, Capital Metro

Mr. Ballentine presented the November MetroAccess statistics to the committee. Ridership decreased from October, but on time performance increased slightly. Abandonment rates for reservations increased above the goal. Eligibility shows an increase in registered passengers with a slight decrease in active passengers.

There was a discussion about the complaint process: Martin Kareithi reported that the complaint form on the website has been fixed. Ms. Barrera asked about the feedback loop that exists when a complaint is filed. Chad responded that they are working with Mr. Hamilton to evaluate the best way to do this, but the policy will not be to report specific action such as if disciplinary action was taken against a specific driver. Mr. Hamilton added that the turnaround for response to a complaint is three days from when the complaint is received. Mr. Kareithi added that they look for the root cause in complaints.

Mr. Ballentine gave an overview of the Pickup service for new committee members, and reported that Pickup continues its success with an increase of riders. There were 1,984 trips in November.

New Business

Transit Empowerment Fund Update

Mr. Eric Bustos, Government Relations Coordinator, Capital Metro

Mr. Bustos gave an overview of the Transit Empowerment Fund program. The program awards free or deeply discounted transit passes to nonprofit social service organizations and government entities in Central Texas to help meet the transportation needs of low income clients. The goal of the program is to promote self-sufficiency by providing transportation for employment, healthcare, education, and social services. Mr. Bustos will circulate the 2018 application when it is live.

2018 Committee Work Plan Review

Committee Members

The committee reviewed the 2018 work plan. The committee requested that the Budget Development presentation be moved from August to June, that a presentation on the Proposed FY19 Budget be added in August or September, that an Innovation Zone Update be on the agenda every month, and that they have more involvement with relevant procurements (i.e. reviewing Scopes of Work) and other Board Meeting agenda items. Ms. Jackson will update the work plan where possible and deliver it to the board in February.

Action Items

Approval of December 2017 Minutes

Ms. Birrell motioned to approve the December Minutes. Mr. McNabb seconded the motion. The motion to approve the minutes was approved 7-0.

Election of 2018 Committee Officers

Mr. McNabb motioned to re-elect the current officers. Ms. Barrera seconded the motion. The motion to approve the minutes was approved 7-0.

Adjournment

The committee adjourned at 6:30 p.m.

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4032)
December 2017 Board Minutes**

Approval of Minutes from the December 11, 2017 Board Worksession; December 13, 2017 Board Worksession; and December 18, 2017 Board Meeting.



**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS WORKSESSION**

North Operations Facility - 9315 McNeil Road, Austin, TX 78758

~ MINUTES ~

Executive Assistant/Board Liaison Gina Estrada
512-389-7458

Monday, December 11, 2017
8:00 AM

08:11 AM Meeting Called To Order
05:09 PM Meeting Adjourned

I. Public Comment:

There was no public comment.

II. Executive Session of Chapter 551 of the Texas Government Code:

Section 551.071 for legal advice and Section 551.074 for Personnel matters regarding President/CEO Candidate Interviews.

Went into session at 8:12 a.m.

Returned at 5:09 PM

III. Items for Future Discussion:

IV. Adjournment

ADA Compliance

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regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.



**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING
2910 East Fifth Street Austin, TX 78702**

~ MINUTES ~

Executive Assistant/Board Liaison Gina Estrada
512-389-7458

Wednesday, December 13, 2017
12:00 PM

12:16 PM Meeting Called To Order
01:54 PM Meeting Adjourned

I. Public Comment:

There was no public comment.

II. Executive Session of Chapter 551 of the Texas Government Code:

Section 551.071 for legal advice and Section 551.074 for Personnel matters regarding President/CEO Candidates Interviews.

Went into session at 12:16 PM

Returned at 1:54PM

III. Items for Future Discussion:

IV. Adjournment

ADA Compliance

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**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING
2910 East Fifth Street Austin, TX 78702**

~ Minutes ~

Executive Assistant/Board Liaison Gina Estrada
512-389-

7458

**Monday, December 18, 2017
12:00 PM**

**12:12 PM Meeting Called To Order
2:53 PM Meeting Adjourned**

I. Pledge of Allegiance

II. Safety Briefing

Donna Simmons, Vice President of Administration and Risk Management Compliance Officer, gave the safety briefing for the month. She recommended alternatives to impaired driving, such as free service on New Years Eve on all of our transit services beginning at 6:00 p.m. She also shared the Night Owl, MetroRail and MetroRapid service schedules throughout the holiday season.

III. Public Comment:

There was no public comment.

IV. Executive Session of Chapter 551 of the Texas Government Code:

Section 551.071 for legal advice and Section 551.074 for Personnel matters regarding President/CEO Annual Performance Review and President/CEO Search.

Went into session at 12:27 PM
Returned at 2:20 PM

V. Board Committee Updates:

1. CAMPO update

Board Member Terry Mitchell, CAMPO representative, passed along that CAMPO did not meet this month.

2. Operations, Planning and Safety Committee

Board Member Jonse, Chair of the Operations, Planning and Safety Committee, presented the report from the December 6 O/P/S Committee meeting. The committee had six action items: items 5, 6, 7, 8, 9, and 10 which are on today's Consent agenda. In addition, the committee heard the following presentations:

- Downtown Station Improvements Project
- Public Perception Survey
- Year-end Safety Update
- Year-end Accessibility and Amenities Report
- Year-end Operations Report

VI. Consent Items

Attachment: 171218 Board Meeting Minutes (4032 : December 2017 Board Minutes)

1. Approval of minutes from the November 1, 2017 Public Hearings; November 15, 2017 Board Meeting; and November 28, 2017 Worksession.
2. Approval of a resolution appointing Jeff Lewis to the Customer Satisfaction Advisory Committee.
3. Approval of a resolution appointing Mike Gorse to the Access Advisory Committee.
4. Approval of a resolution appointing Pat Thomas to the Access Advisory Committee.
5. Approval of a resolution authorizing the President/CEO, or her designee, to modify the contract with Presidio Networked Solutions Group, LLC to apply an option year for Cisco Hardware and Software Warranty and Support, for a total contract amount not to exceed \$161,770.
6. Approval of a resolution authorizing the President/CEO, or her designee, to execute a contract with Petroleum Solutions, Inc., utilizing the Buy Board Purchasing Cooperative, to purchase a Gasboy Plus Fleet Management System for the North Operations Facility in an amount not to exceed \$172,930.
7. Approval of a resolution authorizing the President/CEO, or her designee, to negotiate, finalize and execute an Interlocal Agreement (ILA) with the City of Austin for the removal of the existing overhead electrical service lines and electrical poles and to replace them with new underground electrical services lines as a betterment on behalf of Austin Energy as part of the Downtown Rail Station Improvements project, for a not to exceed amount of \$407,500.
8. Approval of a resolution authorizing the President/CEO, or her designee, to finalize and execute a Multiple Use Agreement with the Texas Department of Transportation (TxDOT) to permit the construction, maintenance, and operation of four (4) pairs of MetroRapid Stations in TxDOT's right-of-way.
9. Approval of a resolution authorizing the President/CEO, or her designee, to modify the contract with EAN Holdings, LLC to extend the agreement for MetroRideshare services through January 31, 2019, and increase the contract amount by \$600,000 for a total contract amount not to exceed \$6,673,116.
10. Approval of a resolution authorizing the President/CEO, or her designee, to finalize and execute a contract with Freeit Data Solutions to upgrade the current Data Center Infrastructure to replace outdated equipment and improve performance, reliability, and security, in an amount not to exceed \$2,000,000, which consists of servers, storage, backup equipment, services, and installation.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Delia Garza, Board Member
SECONDER:	Rita Jonse, Board Member
AYES:	Mitchell, Word, Cooper, Garza, Kitchen, Jonse, Travillion
ABSENT:	Renteria

Attachment: 171218 Board Meeting Minutes (4032 : December 2017 Board Minutes)

VII. Action Items:

1. Approval of a resolution authorizing the President/CEO, or her designee, to finalize and execute a contract for Wayfinding and Customer Information Services with CHK America, Inc. in the aggregate amount not to exceed \$1,590,381 for one (1) base year and four (4) one-year options.

Kelly Fausnacht, Creative Services Manager, Marketing Department, presented this item. This contract will be for bus stop signage and graphic design of our passenger information. The base year of this contract includes funding to replace approximately 2000 bus stop sign assemblies, redesign transit center and park and ride maps, information display units, and special services maps, line maps and regional maps as a result of the Connections 2025 service changes. The remaining option years will be used to maintain and update these systems as additional changes are initiated through three service changes annually.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Rita Jonse, Board Member
SECONDER:	Terry Mitchell, Board Member
AYES:	Mitchell, Word, Cooper, Garza, Kitchen, Jonse, Travillion
ABSENT:	Renteria

2. Approval of a resolution authorizing the President/CEO, or her designee, to approve amendments to the Capital Metropolitan Transportation Authority Board of Directors Bylaws.

Chief Counsel Kerri Butcher presented this item. These changes had been reviewed and discussed at the November board meeting. No further changes were required or requested.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Jeffrey Travillion, Board Member
SECONDER:	Delia Garza, Board Member
AYES:	Mitchell, Word, Cooper, Garza, Kitchen, Jonse, Travillion
ABSENT:	Renteria

3. Approval of a resolution confirming the evaluation rating for the fourth year of the President/CEO's Employment Agreement as Amended and Restated on January 1, 2014 and approving the amount of the annual performance award of 3.5 percent increase in base pay and a 4 percent performance bonus. The increases are awarded retroactively to the annual Employment Agreement date of July 26, 2017.

Virginia Keeling, Director, Human Resources, presented this item. After discussion in Executive Session the board approved the amount of the annual performance award, which included a 3.5% increase in base pay and a 4% performance bonus for President/CEO Watson. The increases are awarded retroactively to the annual Employment Agreement date of July 26, 2017.

Attachment: 171218 Board Meeting Minutes (4032 : December 2017 Board Minutes)

RESULT:	ADOPTED [6 TO 0]
MOVER:	Delia Garza, Board Member
SECONDER:	Juli Word, Secretary
AYES:	Mitchell, Word, Cooper, Garza, Kitchen, Jonse
ABSENT:	Renteria
AWAY:	Travillion

4. Approval of a resolution appointing an Interim President/CEO.

Virginia Keeling, Director, Human Resources, requested Elaine Timbes, Deputy CEO/COO be appointed as interim President/CEO effective December 31, 2017, until such time as a new President/CEO begins employment.

RESULT:	ADOPTED [6 TO 0]
MOVER:	Rita Jonse, Board Member
SECONDER:	Terry Mitchell, Board Member
AYES:	Mitchell, Word, Cooper, Garza, Kitchen, Jonse
ABSENT:	Renteria
AWAY:	Travillion

VIII. Reports:

1. Finance Report

Kevin Conlan, Budget Director, presented highlights of the Year to Date/September 30, 2017 Financial Report.

2. Operations Report

Dottie Watkins, Vice President, Operations presented the FY2017 Year End Operations Report. Highlights included the following performance scores:

- Bus mode: 6.69
- MV/Metro Rapid: 5.64
- Paratransit: 8.25
- Rail: 8.9
- Overall Score Customer Satisfaction Index: 6.63

3. President's Report

Linda Watson, President/CEO presented her report. The report included the following:

- Update on Plaza Saltillo
- 6th Annual Stuff the Bus
- Brooke Elementary School Giving Tree

In conclusion, Ms. Watson shared parting words with the Board, and Board Chair Wade Cooper thanked her for her service.

IX. Items for Future Discussion:

X. Adjournment

ADA Compliance

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BOARD OF DIRECTORS: Wade Cooper, Chair; Delia Garza, Vice Chair; Juli Word, Board Secretary; Terry

Attachment: 171218 Board Meeting Minutes (4032 : December 2017 Board Minutes)

Mitchell, Pio Renteria, Jeffrey Travillion, Rita Jonse and Ann Kltschen. Board Liaison: Gina Estrada (512)389-7458, email gina.estrada@capmetro.org if you need more information.

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**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4034)**

Appointment of Lin Rui Li to the Customer Satisfaction Advisory Committee.

Appointment of Lin Rui Li to the Customer Satisfaction Advisory Committee.

Capital Metropolitan Transportation Authority**MEETING DATE: 1/29/2018****Board of Directors****(ID # AI-2018-693)****Appointing of Lin Rui Li to the Customer Satisfaction Advisory Committee.****SUBJECT:**

Approval of a resolution appointing Lin Rui Li to the Customer Service Advisory Committee.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

3. Community

Strategic Objectives:

3.3 Create service strategies that utilize community and stakeholder feedback

EXPLANATION OF STRATEGIC ALIGNMENT:

The Customer Satisfaction Advisory Committee (CSAC) provides valuable insight and recommendations to the Board of Directors to assist in making riding Capital Metro services safe, reliable, and accessible.

BUSINESS CASE:

Does not apply.

COMMITTEE RECOMMENDATION:

This agenda item will be presented to the full board on January 29, 2018.

EXECUTIVE SUMMARY:

Pursuant to Section 451.107, Texas Transportation Code, and Article II, Section 17, Capital Metro Board of Directors Bylaws, the Board of Directors established the Customer Satisfaction Advisory Committee as part of a comprehensive community involvement strategy to provide input to the Board of Directors on decisions that affect the Authority.

Based on a recommendation from the Capital Metro President/CEO each member of the Board of Directors appoints one member of the committee with the exception of the Chair who appoints two members. At this time, Board Member Delia Garza recommends Lin Rui Li as her appointee to fill the vacant position on CSAC.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.



RESPONSIBLE DEPARTMENT: Marketing/Communications

Attachment: Resolution-AI-2018-693 (4034 : Appointment of Lin Rui Li to the Customer Satisfaction Advisory Committee.)



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

COUNTY OF TRAVIS

RESOLUTION (ID # AI-2018-693)

Appointing of Lin Rui Li to the Customer Satisfaction Advisory Committee.

WHEREAS, the Capital Metropolitan Transportation Authority board of directors and Capital Metro are committed to successful and meaningful public involvement; and

WHEREAS, the Capital Metropolitan Transportation Authority board of directors and Capital Metro seek informed consent from the public by providing equitable access to decision making and offering opportunities to provide input from a representative set of the population that reflects the interests of the community when transportation decisions are made; and

WHEREAS, there exists a need to fill a vacant position on the Customer Satisfaction Advisory Committee (CSAC).

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that Lin Rui Li is named to CSAC to serve a term concurrent with the term of Board Member Delia Garza.

Date: _____

**Secretary of the Board
Juli Word**

Attachment: Resolution-AI-2018-693 (4034 : Appointment of Lin Rui Li to the Customer Satisfaction Advisory Committee.)

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4035)**

***Appointment of Elizabeth Stiehl to the Customer Satisfaction Advisory
Committee.***

Appointment of Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.

Capital Metropolitan Transportation Authority**MEETING DATE: 1/29/2018****Board of Directors****(ID # AI-2018-694)****Appointing of Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.****SUBJECT:**

Approval of a resolution appointing Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

3. Community

Strategic Objectives:

3.3 Create service strategies that utilize community and stakeholder feedback

EXPLANATION OF STRATEGIC ALIGNMENT:

The Customer Satisfaction Advisory Committee (CSAC) provides valuable insight and recommendations to the Board of Directors to assist in making riding Capital Metro services safe, reliable, and accessible.

BUSINESS CASE:

Does not apply.

COMMITTEE RECOMMENDATION:

This agenda item will be presented to the full board on January 29, 2018.

EXECUTIVE SUMMARY:

Pursuant to Section 451.107, Texas Transportation Code, and Article II, Section 17, Capital Metro Board of Directors Bylaws, the Board of Directors established the Customer Satisfaction Advisory Committee as part of a comprehensive community involvement strategy to provide input to the Board of Directors on decisions that affect the Authority.

Based on a recommendation from the Capital Metro President/CEO each member of the Board of Directors appoints one member of the committee with the exception of the Chair who appoints two members. At this time, Board Member Wade Cooper recommends Elizabeth Stiehl as his appointee to fill the vacant position on CSAC.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.



RESPONSIBLE DEPARTMENT: Marketing/Communications

Attachment: Resolution-AI-2018-694 (4035 : Appointment of Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.)



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

COUNTY OF TRAVIS

RESOLUTION (ID # AI-2018-694)

Appointing of Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.

WHEREAS, the Capital Metropolitan Transportation Authority board of directors and Capital Metro are committed to successful and meaningful public involvement; and ; and

WHEREAS, the Capital Metropolitan Transportation Authority board of directors and Capital Metro seek informed consent from the public by providing equitable access to decision making and offering opportunities to provide input from a representative set of the population that reflects the interests of the community when transportation decisions are made; and; and

WHEREAS, there exists a need to fill a vacant position on the Customer Satisfaction Advisory Committee (CSAC).

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that Elizabeth Stiehl is named to CSAC to serve a term concurrent with the term of Board Member Wade Cooper.

Date: _____

**Secretary of the Board
Juli Word**

Attachment: Resolution-AI-2018-694 (4035 : Appointment of Elizabeth Stiehl to the Customer Satisfaction Advisory Committee.)

Capital Metropolitan Transportation Authority
Board of Directors

MEETING DATE: 01/29/2018
(ID # 4018)

Approval of Capital Metro's Investment Policy for 2018

Approval of a resolution approving Capital Metro's Investment Policy for 2018.

**Capital Metropolitan Transportation Authority
Board of Directors**

MEETING DATE: 1/17/2018

(ID # AI-2018-681)

Approval of Capital Metro's Investment Policy for 2018

SUBJECT:

Approval of a resolution approving Capital Metro's Investment Policy for 2018.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

5. Finance

Strategic Objectives:

5.2 Implement sustainability and environmental stewardship.

EXPLANATION OF STRATEGIC ALIGNMENT:

Annual review and approval of this policy is required to comply with the Texas Public Funds Investment Act.

BUSINESS CASE:

Capital Metro is required to invest funds in accordance with the Texas Public Funds Investment Act. The governing body of an investing entity is required to review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

COMMITTEE RECOMMENDATION:

This agenda item was presented and recommended for approval by the Finance, Audit and Administration Committee on January 17, 2018.

EXECUTIVE SUMMARY:

There were no changes to the Texas Public Funds Investment Act that affected Capital Metro's policy. Capital Metro's investment policy was last reviewed and approved by the Board of Directors in October 2016. This policy was reviewed by PFM Asset Management LLC, under contract as Capital Metro's investment advisory firm, and no changes to the existing policy are recommended. Attached is a copy of Capital Metro's investment policy, which complies with the Texas Public Funds Investment Act.

DBE/SBE PARTICIPATION: Does not apply.



PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Finance



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

COUNTY OF TRAVIS

RESOLUTION (ID # AI-2018-681)

Approval of Capital Metro's Investment Policy for 2018

WHEREAS, Capital Metro is required to invest funds in accordance with the Texas Public Funds Investment Act; and

WHEREAS, the Texas Public Funds Investment Act requires an annual review of the investment policy and investment strategies.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the attached investment policy, which includes Capital Metro’s investment strategies, has been reviewed and no revisions are recommended to the investment policy or strategies.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2018-681 (4018 : Approval of Capital Metro's Investment Policy for 2018)

Review of Investment Policy

Finance, Audit and Administration Committee Meeting
January 17, 2018

Background

- State law (Public Funds Investment Act) requires governing bodies to adopt a written investment policy and strategies, and to review annually.
- The investment policy governs investment of all Capital Metro funds.
- Capital Metro currently contracts with PFM Asset Management LLC for investment advisory services.
- The Board of Directors appoints investment officers to investment committee that oversees investment activities. Current committee members:
 - Reinet Marneweck, EVP Chief Financial Officer
 - Lea Sandoz, Controller
 - Donna Simmons, EVP of Administration & RMCO

Investment Policy Overview

- Objectives emphasize:
 - Safety of principal
 - Maintenance of liquidity
 - Return on investments
 - Prudence and ethical standards
- Strategy statement:
 - Match anticipated cash flow with adequate investment liquidity.
 - Portfolio structure to minimize volatility during economic cycles.
 - Purchase diversity of quality, short- to medium-term securities
 - Final stated maturity date not to exceed five years
- Examples of eligible investments
 - Obligations of United States or its agencies
 - Highly rated commercial paper
 - Local government investment pools
 - Assets must comply with eligible investments under Public Funds Investment Act

No Recommended Policy Revisions

- Recent changes from Legislative Session did not impact Capital Metro's policy.
- PFM Asset Management LLC has reviewed the current investment policy and strategies.
- Capital Metro's investment committee will update the Board of Directors quarterly on the composition of the investment portfolio.
 - Quarterly report entitled "Review of Investment Performance"



CAPITAL

METRO

Investment Policy

Approved:

Capital Metropolitan Transportation Authority
Board of Directors
October 2016

Proposed for Board of Directors consideration on January 29, 2018

Attachment: Proposed Investment Policy January 2018 (4018 : Approval of Capital Metro's Investment Policy for 2018)

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- A. INVESTMENT LEGISLATION
- B. MASTER REPURCHASE AGREEMENT (repurchase agreements not currently utilized, see note in Section IV.B, Ensuring Safety of Principal).
- C. BROKER/DEALER CERTIFICATION

PREFACE

It is the policy of the Capital Metropolitan Transportation Authority (Capital Metro) that all available funds shall be invested in conformance with these legal and administrative guidelines.

Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and investment policy will be pursued to take advantage of investment interest as viable and material revenue to all operating and capital funds. Capital Metro's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and federal law.

Investments shall be made with the primary objectives of:

- Preservation of capital and protection of principal
- Maintenance of sufficient liquidity to meet operating needs
- Security of Capital Metro funds and investments
- Diversification of investments to avoid unreasonable or unavoidable risks
- Maximization of return on the portfolio

SECTION I

PURPOSE

I. Purpose

A. Authorization

This Policy is to be authorized by the Capital Metropolitan Transportation Authority's Board of Directors in accordance with Section 5 of the Public Funds Investment Act (Chapter 2256, Texas Government Code) which requires the adoption of a formal written Investment Policy.

B. Scope

This Policy shall govern the investment of all funds of Capital Metro as entrusted to the Board of Directors and other authorized representatives in accordance with Section 451.101 of the Texas Transportation Code. In addition to this Policy, bond funds, including debt service and reserve funds, shall be managed by their governing resolution and federal law, including the Tax Reform Act of 1986 and subsequent legislation.

C. Review and Amendment

This Policy shall be reviewed annually. Amendments must be authorized by the Capital Metropolitan Transportation Authority's Board of Directors.

SECTION II
INVESTMENT OBJECTIVES

II. INVESTMENT OBJECTIVES

A. Safety of Principal

Capital Metro has as its foremost objective to ensure the safety of principal, considering the portfolio as a whole. The manner in which Capital Metro ensures safety of principal is presented in Section N.B., "Ensuring Safety of Principal".

B. Maintenance of Adequate Liquidity

Capital Metro's investment portfolio must be structured in a manner which will provide the liquidity necessary to pay obligations as they become due. Maintenance of adequate liquidity is described in Section N.C., "Ensuring Liquidity".

C. Return on Investments

Consistent with State law, Capital Metro shall seek to optimize return on investments within the constraints of safety and liquidity. Investments (excluding assets managed under separate investment programs, such as in arbitrage restrictive programs) shall be made in permitted obligations at yields equal to or greater than the bond equivalent yield on United States Treasury obligations of comparable maturity. Other appropriate performance measures will be established by the Investment Committee. Specific policies regarding investment rate of return are presented in Section N.D., "Achieving Investment Return Objectives". For bond issues to which Federal yield or arbitrage restrictions apply, the primary objectives shall be to obtain satisfactory market yields and to minimize the costs associated with investment of such funds.

D. Prudence and Ethical Standards

The standard of prudence used by Capital Metro shall be the "prudent person rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The prudent person rule is restated below:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would 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 probable income to be derived."

In determining whether the Investment Officer(s) or Investment Advisor under contract has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the Officer/Advisor had responsibility rather than a consideration as to the prudence of a single investment, and whether the investment decision was consistent with the written Investment Policy of Capital Metro.

Specific policies describing Capital Metro's prudence and ethical standards are found in Section IV.E., "Responsibility and Controls".

SECTION III
INVESTMENT STRATEGY STATEMENT

III. INVESTMENT STRATEGY STATEMENT

Capital Metro maintains portfolios of operating and operating reserve funds. Investment strategies for operating and operating reserve funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing quality, short- to medium-term securities that will complement each other in a laddered or barbell maturity structure. The dollar weighted average maturity of 548 days or less will be calculated using the stated final maturity dates of each security. Securities may not be purchased that have a final stated maturity date which exceeds five years.

SECTION IV
INVESTMENT POLICIES

IV. INVESTMENT POLICIES

A. Eligible Investments

Investments described below are those authorized by the Public Funds Investment Act (Chapter 2256, Texas Government Code), as amended, which is included and made a part of this Policy as Appendix A. The following list may not contain all of those securities that are authorized by state statutes, but only those that the Board of Directors wish to include in the Capital Metro's portfolios. The purchase of specific issues may at times be further restricted or prohibited because of current market conditions. Capital Metro funds governed by this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities.
2. Direct Obligations of the State of Texas.
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities.
4. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
5. Bankers' Acceptances with a stated maturity of 270 days or less from the date of its issuance that will be, in accordance with its terms, liquidated in full at maturity; is eligible for collateral for borrowing from a Federal Reserve Bank; and is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.
6. Commercial paper with a stated maturity of 270 days or less from the date of its issuance that either:
 - a. Is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies; or,

- b. Is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.
7. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas, and secured by obligations described by 1 above (the principal and interest on which are guaranteed by the United States or any of its agencies), pledged with a third party selected or approved by Capital Metro and having a market value (including accrued interest) of no less than the principal amount of the funds disbursed.
 8. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
 9. SEC-regulated, no load money market mutual funds with a dollar-weighted average stated portfolio maturity of 60 days or less and whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. No more than 50% of Capital Metro's average fund balance may be invested in money market mutual funds, and may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. Money market mutual funds are to be rated AAAM or equivalent by on Nationally Recognized Statistical Rating Organization ("NRSRO).
 10. Local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Act) as amended, whose assets consist exclusively of the obligations that are alloed as a direct investment for funds subject to the Public Funds Investment Act (Chapter 2256, Texas Government Code). A public funds investment pool must be continuously rated no lower than AAA, AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Compensating balances may be held at Capital Metro's depository institution provided that market conditions or other factors, such as the depository institution's earnings credit rate or cost of services, provides an economic benefit to Capital Metro that helps to optimize return while maintaining adequate liquidity.

Investments in collateralized mortgage obligations are strictly prohibited. These securities are also disallowed for collateral positions. Capital Metro will not be required to liquidate investments that were authorized investments at the time of purchase.

Settlement of all investment transactions, except those transactions involving investments in mutual funds or local government investment pools, must be made on a delivery versus payment basis.

B. Ensuring Safety of Principal

Ensuring safety is accomplished through protection of principal and safekeeping.

1. Protection of Principal

Capital Metro shall seek to control the risk of loss due to the failure of a security issuer or guarantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Policy, by qualifying the broker/dealer and financial institution with whom Capital Metro will transact, by collateralization as required by law, by portfolio diversification and by limiting maturity.

Capital Metro will seek to control the risk of loss due to failure of issuers of commercial paper by monitoring the ratings of portfolio positions to ensure compliance with the rating requirements imposed by the Public Funds Investment Act. Should an issuer experience a single step downgrade of its credit rating by a nationally recognized credit rating agency within 90 days of the position's maturity, the Investment Officer(s) may approve holding the paper to maturity. If the subject paper matures beyond the 90-day period or if the credit rating downgrade exceeds a single step, it will be Capital Metro's policy to convene an emergency meeting of the Investment Committee to determine whether liquidation of the position is warranted. This meeting should take place within 24 hours of notification or discovery of the credit downgrade.

The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the Federal Reserve System. By so doing, Capital Metro funds are not released until Capital Metro has received, through the Federal Reserve wire, the securities purchased.

a. Approved Broker/Dealers/Financial Institutions

Investments shall only be made with those firms and institutions who have acknowledged receipt and understanding of Capital Metro's Investment Policy. The "qualified representative" of the business as defined in Chapter 2256 of the Texas Government Code shall execute a written certification to acknowledge receipt of Capital Metro's Investment Policy and to acknowledge that the organization has implemented reasonable procedures and controls to preclude imprudent investment activities arising out of the investment transactions conducted between the entity and Capital Metro. Should Capital Metro contract with an external investment advisor to execute the Authority's investment strategy, including the negotiation and execution of investment transactions, a managing officer of the investment advisory firm may sign the written certification in lieu of the broker/dealer firms. This certification must be included as part of the investment advisory contract.

Securities, certificates of deposit and share certificates shall only be purchased from those institutions included on Capital Metro's list of broker/dealers, banks, savings banks and credit unions as approved by the Investment Committee. This list of approved investment providers must be reviewed at least annually by Capital Metro's Investment Committee.

b. Master Repurchase Agreement

It is the policy of Capital Metro to require each issuer of repurchase agreements to sign a copy of the Capital Metro Master Repurchase Agreement. An executed copy of this agreement must be on file before Capital Metro will enter into any repurchase agreement with an issuer. (See Appendix B "Master Repurchase Agreement.")

Note: Capital Metro does not currently enter into repurchase agreements. The Master Repurchase Agreement previously attached to the Investment Policy expired in 2009. If Capital Metro's investment officers and advisor recommend the use of repurchase agreements in

the future, a new Master Purchase Agreement will be drafted and brought to the Board of Directors for consideration.

c. Collateralization

Consistent with the requirements of State law, Capital Metro requires all banks, savings banks and credit union deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as Capital Metro Depositories will be required to sign an Agreement with Capital Metro and its safekeeping agent for the collateral, perfecting Capital Metro's rights to the collateral in case of default, bankruptcy or closure. Capital Metro shall not accept, as depository collateral, any security that is not specifically allowed to be held as a direct investment by the Capital Metro portfolio (see W.A.). Repurchase agreements must also be collateralized in accordance with State law. Each issuer of repurchase agreements is required to sign a copy of Capital Metro's Master Repurchase Agreement. An executed copy of this agreement must be on file before Capital Metro will enter into any repurchase agreements with an issuer. (See Appendix B, "Master Repurchase Agreement".)

(1) Allowable Collateral

(a) Certificates of Deposit/Share Certificates

Eligible securities for collateralization of deposits are defined by the "Public Funds Collateral Act" (Chapter 2257, Texas Government Code) which is included and made a part of the Policy as Appendix A. The eligibility of specific issues may at times be restricted or prohibited because of current market conditions.

(b) Repurchase Agreements

Collateral underlying repurchase agreements is limited to U.S. government and agency obligations, which are eligible for wire transfer (i.e. book entry) to Capital Metro's designated safekeeping agent through the Federal Reserve System.

(2) Collateral Levels

Collateral is valued at current market plus interest accrued through the date of valuation.

(a) Certificates of Deposit/Share Certificates

The market value of collateral pledged for certificates of deposit/share certificates must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the amount insured by the FDIC, FSLIC or the National Credit Union Share Insurance Fund or their successors.

(b) Repurchase Agreements

The market value of collateral required to be pledged for repurchase agreements shall be a percentage of the par value of the agreement plus accrued interest and shall be maintained at the following levels:

<u>Collateral Maturity</u>	<u>U.S. Treasury Securities</u>	<u>U.S. Government Agency</u>
1 year or less	101%	101%
1 year to 5 years	102%	102%
Over 5 years	103%	104%

(3) Monitoring Collateral Adequacy

(a) Certificates of Deposit/Share Certificates

Capital Metro requires monthly reports with market values of pledged securities from all financial institutions with which Capital Metro has certificates of deposit/share certificates. Capital Metro's Investment Advisor will at least weekly monitor the adequacy of collateral.

(b) Repurchase Agreements

Weekly monitoring by Capital Metro's Investment Advisor of all collateral underlying repurchase agreements is required. More frequent monitoring may be necessary during periods of market volatility.

Attachment: Proposed Investment Policy January 2018 (4018 : Approval of Capital Metro's Investment Policy for 2018)

(4) Margin Calls

(a) Certificates of Deposit/Share Certificates

If the collateral pledged for a certificate of deposit or share certificate falls below the par value of the deposit, plus accrued interest less FDIC, FSLIC or National Credit Union Share Insurance, the institution will be notified by Capital Metro or its Investment Advisor and will be required to pledge additional securities no later than the end of the next succeeding business day.

(b) Repurchase Agreements

If the value of the collateral underlying a repurchase agreement falls below the margin maintenance levels specified above, Capital Metro or its Investment Advisor will make a margin call unless the repurchase agreement is scheduled to mature within five business days and the amount is deemed to be immaterial.

(5) Collateral Substitution

Collateral investments, certificates of deposit and share certificates often require substitution of collateral. Any broker or financial institution requesting substitution must contact the Investment Officer(s) or the external Investment Advisor under contract for approval and settlement. The substituted collateral's value will be calculated and substitution approved if its value is equal to or greater than the required value (See IV.B1.c(2)(b)). The Investment Officer(s) or Investment Advisor must give immediate notification of the decision to the bank or the safekeeping agent holding the collateral. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officer(s) or Investment Advisor may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

(6) Collateral Reductions

Should the collateral's market value exceed the required amount, any broker or financial institution may request approval from the

Investment Officer(s) or the external Investment Advisor under contract to reduce collateral. Collateral reductions may be permitted only if Capital Metro's records indicate that the collateral's market value exceeds the required amount.

d. Portfolio Diversification

Risk of principal loss in the portfolio as a whole shall be minimized by diversifying investment types according to the following limitations. As discussed below, these limitations do not apply to bond proceeds.

Investment Type:	% of Portfolio
• Repurchase Agreements	50%
• Certificate of Deposit	20%
• Share Certificates	5%
• U.S. Treasury Notes/Bond/Bills	100%
• U.S. Agencies	60%
• Money Market Mutual Funds	50%
• Local Government Investment Pools	100%
• Commercial Paper	30%
• Banker's Acceptance	15%

It is the policy of Capital Metro to diversify its investment portfolio so that reliance on any one issuer or broker will not place an undue financial burden on Capital Metro. Generally, Capital Metro should limit its repurchase agreement exposure with a single firm to no more than 15% of the value of Capital Metro's overall portfolio and its commercial paper and bankers' acceptance exposure with a single issuer to no more than 5% of the value of Capital Metro's overall portfolio. To allow efficient and effective placement of proceeds from any bond sales, these limits may be exceeded for a maximum of five business days following the receipt of bond proceeds.

(1) Bond Proceeds

Proceeds of a single bond issue may be invested in a single security or investment if the Investment Committee determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

e. Limiting Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Maturity guidelines by funds are as follows:

(1) General Funds

The dollar weighted average days to final stated maturity shall be 548 days or less. The Investment Advisor will monitor the maturity level and make changes as appropriate.

(2) Bond Proceeds, Bond Reserves, Debt Service Funds

The investment maturity of bond proceeds (including reserves and debt service funds) shall be determined considering:

- (a) the anticipated cash flow requirements of the funds, and;
- (b) the "temporary period" as defined by Federal tax law during which time bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds.

2. Safekeeping

a. Safekeeping Agreement

Capital Metro shall contract with a bank or banks for the safekeeping of securities either owned by Capital Metro as a part of its investment portfolio or held as collateral to secure certificates of deposits, share certificates or repurchase agreements.

b. Safekeeping of Certificate of Deposit/Share Certificate Collateral

All collateral securing bank, savings banks and credit union deposits must be held by a third party banking institution approved by Capital Metro, or collateral may be held at the Federal Reserve Bank.

c. Safekeeping of Repurchase Agreement Collateral

The securities which serve as collateral for repurchase agreements with dealers must be delivered to a third-party custodian with which Capital Metro has established a third-party safekeeping agreement.

C. Ensuring Liquidity

Liquidity shall be achieved by investing in securities with active secondary markets and by investing in eligible money market mutual funds (MNIMF's) and local government investment pools (LGIP' s).

A security may be liquidated to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or to otherwise adjust the portfolio.

D. Achieving Investment Return Objectives

Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. The portfolios shall be actively managed to enhance overall interest income. Active management will take place within the context of the 'Prudent Person Rule.' (See Section MD.).

1. Securities Swaps

Capital Metro will take advantage of security swap opportunities to improve portfolio yield. A swap which improves portfolio yield may be selected even if the transaction results in an accounting loss.

2. Competitive Bidding

It is the policy of Capital Metro to require competitive bidding for all individual security purchases except for those transactions with money market mutual funds (MMMMF's) and local government investment pools (LGIP's) which are deemed to be made at prevailing market rates, and for government securities purchased at issue through a primary dealer at auction price. Rather than relying solely on yield, investment in MMMF's and LGIP's shall be based on criteria determined by the Investment Committee, including adherence to Securities and Exchange Commission (SEC) guidelines for MMMF's when appropriate.

At least three bidders must be contacted in all transactions involving individual securities. Competitive bidding for security swaps is also required. Bids may be solicited in any manner provided by law. For those situations where it may be impractical or unreasonable to receive three bids for a transaction due to a rapidly changing market environment or to secondary market availability, documentation of a competitive market survey of comparable securities or an explanation of the specific circumstance must be included with the daily bid sheet. All bids received must be documented and filed for auditing purposes.

3. Methods of Monitoring Market Price

The methods/sources to be used to monitor the price of investments that have been acquired with public funds shall be from sources deemed reliable by the Investment Advisor, including primary or regional broker/dealers, market information vendors such as Bloomberg or Telerate and market pricing services.

E. Responsibility and Controls

1. Authority to Invest

The authority to invest Capital Metro funds and the execution of any documentation necessary to evidence the investment of Capital Metro funds is granted to the Investment Advisory firm under current contract and those Capital Metro personnel authorized as Investment Officers. The Capital Metropolitan Transportation Authority's Board of Directors will designate in writing those Capital Metro personnel ("Investment Officers") authorized to invest on behalf of Capital Metro.

2. Establishment of Internal Controls

The Chief Financial Officer will establish a system of internal controls over the investment activities of Capital Metro and document such control in the Investment Procedures Manual.

3. Prudent Investment Management

The designated Investment Officers shall perform their duties in accordance with the adopted Investment Policy and procedures set forth in the Investment Procedures Manual. Investment Officers acting in good faith and in

accordance with these Policies and Procedures shall be relieved of personal liability.

4. Standard of Ethics

The designated Investment Officers shall adhere to Capital Metro's ethics policies.

5. Training and Education

In accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code), the designated Investment Officers, or those personnel authorized to execute investment transactions, shall attend at least one investment training session annually. State law requires that training relating to investment responsibilities must be provided by an independent source as approved by the Investment Committee. Personnel authorized to execute or approve investment transactions must receive at least 10 hours of investment training within each two-year period.

6. Investment Committee

An Investment Committee shall be established to determine investment guidelines, general strategies, and monitor performance. Members of the Investment Committee will include the Investment officers and a representative of the external investment advisory firm. The Committee may also include one additional member, as designated by the Capital Metropolitan Transportation Authority's Board of Directors. The Committee shall meet quarterly to review performance, strategy and procedures.

F. Reporting

Investment performance is continually monitored and evaluated by the Investment Advisor. The Investment Advisor will provide detailed reports, as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code), Section 2256.023, for the General Manager, the Chief Financial Officer, the Board of Directors and the Investment Committee on a quarterly basis.

The report will outline conformance to the restrictions of the Policy in the area of diversification and term of maturity. The report will also compare the performance of Capital Metro's portfolio to appropriate benchmarks as determined by the Investment Committee. The report will include an economic

summary discussing interest rate trends, investment strategy and any other information deemed appropriate by the Chief Financial Officer or the Investment Committee.

G. Compliance Audit

In conjunction with its annual financial audit, Capital Metro shall perform a compliance audit of management controls on investments and adherence to Capital Metro's established Investment Policies. The results of the audit shall be reported to the Investment Committee and the Capital Metropolitan Transportation Authority's Board of Directors.

H. Certification

A copy of this Investment Policy will be provided to the senior management of any bank, dealer, broker or investment advisor wishing to transact investment business directly with Capital Metro in order that it is apprised of the investment goals of Capital Metro. Before business is transacted with the firm, a certification (Appendix C) must be signed by a senior member of a firm. Should Capital Metro contract with an external investment advisor to execute the Authority's investment strategy, including the negotiation and execution of investment transactions, a managing officer of the investment advisory firm may sign the written certification in lieu of the broker/dealer firms. This certification must be included as part of the investment advisory contract.

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that

Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section [2256.006](#):

- (1) a local government;
- (2) a state agency;
- (3) a nonprofit corporation acting on behalf of a local government or a state agency; or
- (4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and

management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section [802.001](#);
- (2) state funds invested as authorized by Section [404.024](#);
- (3) an institution of higher education having total endowments of at least \$150 million in book value on September 1, 2017;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter [161](#), [162](#), or [164](#), Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter [117](#), Local Government Code; or
- (6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

- (b) The investment policies must:
 - (1) be written;
 - (2) primarily emphasize safety of principal and liquidity;
 - (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
 - (4) include:
 - (A) a list of the types of authorized investments in which the investing entity's funds may be invested;
 - (B) the maximum allowable stated maturity of any individual investment owned by the entity;
 - (C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
 - (D) methods to monitor the market price of investments acquired with public funds;

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(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section [2256.021](#).

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) diversification of the investment portfolio; and
- (6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers

or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685,
Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch.
1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (l), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business

organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. 1701), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's

responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's

responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) In addition to the requirements of Subsection (a) (1), the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a school district or a municipality shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a) (2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of

the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter 392, Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

(f) Subsection (a) (2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section 2256.010.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. 1148), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. 870), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 2, eff. September 1, 2017.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

(i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section 2257.041(d); or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1,

1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. 2647), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in accordance with Chapter 2257 or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. 256), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

- (1) has a defined termination date;
- (2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1); and
- (3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section 1371.059(c) applies to the execution of a repurchase agreement by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 3, eff. June 14, 2017.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:
(A) pledged securities described by Section 2256.009;

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 270 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies; or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and

(3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-

load mutual fund is an authorized investment under this subchapter if the mutual fund:

- (1) is registered with the Securities and Exchange Commission;
- (2) has an average weighted maturity of less than two years; and
- (3) either:
 - (A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or
 - (B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:

- (1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);
- (2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or
- (3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section 1371.059(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS.

(a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

- (1) the types of investments in which money is allowed to be invested;
- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- (3) the maximum stated maturity date any investment security within the portfolio has;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;

(7) the custodian bank that will safekeep the pool's assets;

(8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

(9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and

(13) the pool's policy regarding holding deposits in cash.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations of the

federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 6, eff. June 14, 2017.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter 2270, an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education

may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense,

and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. 495), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. 894), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a

navigation district organized under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. 2346), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section 1371.001.

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not

later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds; and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Corporate bonds are not an eligible investment for a public funds investment pool.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. 1543), Sec. 1, eff. June 17, 2011.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. 1464), Sec. 1, eff. September 1, 2005.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a) In this section:

(1) "Eligible entity" means a political subdivision that has:

(A) a principal amount of at least \$250 million in:

- (i) outstanding long-term indebtedness;
- (ii) long-term indebtedness proposed to be issued; or
- (iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

(B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section 1371.001.

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

- (1) another law; or
- (2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section 1371.059(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

- (1) an operation and maintenance expense of the eligible entity;
- (2) an acquisition expense of the eligible entity;
- (3) a project cost of an eligible project; or
- (4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, eff. June 14, 2017.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized

to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, eff. September 1, 2017.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(3) be signed by each investment officer of the entity;

(4) contain a summary statement of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) ending market value for the period; and

(C) fully accrued interest for the reporting period;

(5) 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;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the

result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section 2256.017, this subchapter does not:

- (1) prohibit an investment specifically authorized by other law; or
- (2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

- (1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;
- (2) an entity created under Chapter 392, Local Government Code; or
- (3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall

be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

**TEXAS PUBLIC FUNDS INVESTMENT ACT
ACKNOWLEDGEMENT**

These Acknowledgments are executed on behalf of the Capital Metropolitan Transportation Authority ("Investor") and TexasTERM Local Government Investment Pool ("Business Organization") pursuant to the Public Funds Investment Act, Chapter 2256, Government Code, Texas Codes Annotated (the "Act"), in connection with investment transactions conducted between the Investor and the Business Organization.

Acknowledgment by Business Organization

The undersigned qualified representative of the Business Organization ("Qualified Representative") acknowledges, represents and agrees on behalf of the Business Organization that:

- (1) The Qualified Representative (a) is registered under the rules of the Financial Industry Regulatory Authority (FINRA), (b) is the duly appointed and acting representative of the Business Organization, holding the title set forth underneath its name below, and (c) is duly authorized to execute this Certification on behalf of the Business Organization;
- (2) The Qualified Representative has received and reviewed the Investor's Investment Policy as adopted October 2014;
- (3) The Business Organization will provide the Investment Officer with periodic investor account and other reasonably requested information that will assist the Investor's Investment Officer in carrying out his or her responsibility to make investment decisions consistent with the Investment Policy;
- (4) The Business Organization will not sell to the Investor investments other than those listed in the approved Investment Policy, which may be amended from time to time by the governing body of the Investor. The Investor is responsible for informing the Business Organization of any changes made to the Investment Policy document; and
- (5) The Investment Policy permits the entity to invest its funds in public funds investment pools organized under the Act.

TexasTERM Local Government Investment Pool
Qualified Representative



Nelson L. Bush
Managing Director
November 29, 2017

Capital Metropolitan Transportation Authority **MEETING DATE: 01/29/2018**
Board of Directors **(ID # 4021)**
Dynamic Brake Test Equipment

TITLE: Approval of a resolution authorizing the Interim President/CEO, or her designee, to execute a contract with Vehicle Inspection Systems, Inc. for the purchase of dynamic brake tester equipment for the North Operations facility and 2910 Fleet Operations facility in an amount not to exceed \$275,640.

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 1/17/2018
(ID # AI-2017-618)
Dynamic Brake Tester**

SUBJECT:

Approval of a resolution authorizing the Interim President/CEO, or her designee, to execute a contract with Vehicle Inspection Systems, Inc. for the purchase of dynamic brake tester equipment for the North Operations facility and 2910 Fleet Operations facility in an amount not to exceed \$275,640.

FISCAL IMPACT:

Funding for this action is available in the FY2018 Capital Budget.

STRATEGIC PLAN:

1. Customer

Strategic Objectives:

1.1 Promote a culture of safety

1.2 Improve system reliability and convenience

EXPLANATION OF STRATEGIC ALIGNMENT:

To continue Capital Metro's "safety first" culture by providing bus mechanics the best equipment to accurately diagnose and verify any brake problems. Purchase of the dynamic brake testers will ensure the safety of our riding public and the community we serve.

BUSINESS CASE:

Dynamic brake tester equipment accurately inspects and diagnoses a bus brake system by identifying any problems that can affect efficiency, performance, or safety. The equipment is integrated with the measurement tools and sensors to collect data and provide a plotted graph report for the technician to analyze a bus brake system. The average inspection time takes 15 minutes, and provides accurate time efficiency reports. The reports have a PASS or FAIL rating that meets the Department of Transportation (DOT) specifications. Purchase of the dynamic brake testers allows Capital Metro and its service providers to maintain our "safety first" culture.

COMMITTEE RECOMMENDATION:

This agenda item was presented and is recommended for approval by the Operations, Planning and Safety Committee on January 17, 2018.

**EXECUTIVE SUMMARY:**

Testers will provide mechanics brake testing equipment with the Department of Transportation (DOT) specifications that can accurately inspect and diagnose any brake problems on buses which need to be resolved. The measurement tools on the equipment provides digital plotted graph reports that helps the technician verify the root cause of the problems such as an incorrect brake adjustment.

SBE PARTICIPATION: Does not apply.

PROCUREMENT:

The IFB was publicly advertised in the *Austin American-Statesman* on November 13, 2017, and November 20, 2017, and was posted on DemandStar on November 13, 2017. Approximately 58 advance notices were issued. DemandStar notified 128 suppliers. There were 4 planholders that downloaded documents from Onvia's DemandStar. A non-mandatory pre-bid conference was conducted on November 21, 2017, with 1 firm attending. On 11/01/17, an Invitation for Bid was issued and formally advertised.

By the closing date of 12/13/17, one (1) bid was received. Vehicle Inspection Systems, Inc. was the lowest, responsive, responsible bidder and submitted all the required documents with their bid, which was received prior to the established date and time for the receipt of bids. Vehicle Inspection Systems, Inc. is not debarred on the Federal or State Debarred vendor lists.

The contract is a fixed price contract. The period of performance for the contract is 12 months from the date of the Notice to Proceed. The total not to exceed the amount contract which is \$275,640.

RESPONSIBLE DEPARTMENT: Property and Asset Management



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

**RESOLUTION (ID # AI-2017-618)
Dynamic Brake Tester**

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the importance of providing equipment that allows service providers to keep the fleet operating in a safe condition.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the Interim President/CEO, or her designee, is authorized to execute a contract with Vehicle Inspection Systems, Inc. for the purchase of dynamic brake tester equipment for the North Operations and 2910 Fleet Operations facilities in an amount not to exceed \$275,640.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2017-618 (4021 : Dynamic Brake Test Equipment)

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4019)**

Appointment of Kerri Butcher to the Capital Metro Investment Committee

Approval of a resolution appointing Kerri Butcher, Chief Counsel, to the Capital Metro Investment Committee as an interim committee member with the authorization to withdraw, invest, reinvest and accept payment with interest, consistent with the investment policy.

**Capital Metropolitan Transportation Authority
Board of Directors**

MEETING DATE: 1/17/2018

(ID # AI-2018-682)

Approval of Capital Metro's Investment Officer

SUBJECT:

Approval of a resolution appointing Kerri Butcher, Chief Counsel, to the Capital Metro Investment Committee as an interim committee member with the authorization to withdraw, invest, reinvest and accept payment with interest, consistent with the investment policy.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN::

5. Finance

Strategic Objectives:

5.2 Implement sustainability and environmental stewardship

EXPLANATION OF STRATEGIC ALIGNMENT:

This appointment ensures that Capital Metro is in compliance with its investment policy.

BUSINESS CASE:

This appointment ensures that Capital Metro is in compliance with its investment policy.

COMMITTEE RECOMMENDATION:

This agenda item was presented and is recommended for approval by the Finance, Audit and Administration Committee on January 17, 2018

EXECUTIVE SUMMARY:

Capital Metro's investment policy provides for the delegation of authority to invest Capital Metro funds and the execution of any documentation necessary to evidence the investment of Capital Metro funds to the investment advisory firm under current contract (PFM Asset Management LLC) and those Capital Metro personnel authorized as investment officers. The policy further provides that Capital Metro's Board of Directors will designate in writing those Capital Metro personnel serving as investment officers and authorized to invest on behalf of Capital Metro. These designated investment officers shall perform their duties in accordance with the investment policy adopted annually by the Board of Directors. The investment officers form an investment committee that meets quarterly with the investment advisory firm to review performance results. The investment policy dictates the type of investments that can be made and the maximum percentages of the portfolio for each type of investment. Decisions on how to invest Capital Metro's funds are made with the advice of the investment advisory firm and concurrence from the investment committee.



DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Finance



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

COUNTY OF TRAVIS

RESOLUTION (ID # AI-2018-682)

Approval of Capital Metro's Investment Officer

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors is required by Capital Metro’s investment policy to designate in writing investment officers to invest on behalf of Capital Metro with the advice of Capital Metro’s investment advisory firm under contract.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that Kerri Butcher, Chief Counsel, is hereby appointed as an interim investment officer to the Capital Metro Investment Committee and is authorized to withdraw, invest, reinvest and accept payment with interest consistent with the investment policy.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2018-682 (4019 : Appointment of Kerri Butcher to the Capital Metro Investment Committee)

North Ops Rail Maintenance Expansion

Approval of a resolution authorizing the Interim President/CEO, or her designee, to finalize and execute a contract with ASD Consultants, Inc. for the North Operations Rail Maintenance Facility addition in an amount not to exceed \$327,777, for the construction of additional storage space for new railcar spare parts.

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 1/17/2018
(ID # AI-2017-597)
North Operations Rail Maintenance Facility Addition**

SUBJECT:

Approval of a resolution authorizing the Interim President/CEO, or her designee, to finalize and execute a contract with ASD Consultants, Inc. for the North Operations Rail Maintenance Facility addition in an amount not to exceed \$327,777, for the construction of additional storage space for new railcar spare parts.

FISCAL IMPACT:

Funding for this action is available in the FY2018 Capital Budget.

STRATEGIC PLAN:

2. Ridership

Strategic Objectives:

2.3 Pursue service expansion opportunities

EXPLANATION OF STRATEGIC ALIGNMENT:

To expand Commuter Rail service and increase ridership, Capital Metro purchased four additional rail cars in 2017. Expansion of the rail maintenance facility is necessary to accommodate the storage of railcar parts to accommodate the ten (10) rail vehicle fleet.

BUSINESS CASE:

Our ability to respond to future rail service demand growth is dependent upon providing adequate space for the storage of railcar parts required to ensure proper maintenance. This contract provides for the construction of additional storage space attached to the existing North Ops Rail Maintenance building. Funds for this project are included in the FY 2018 Capital budget and in the 5-Year Capital Improvement Plan.

COMMITTEE RECOMMENDATION:

This agenda item was presented and is recommended for approval by the Operations, Planning and Safety Committee on January 17, 2018.

EXECUTIVE SUMMARY:

Capital Metro received delivery of four new rail cars in the spring of 2017. This project includes the construction of approximately 1,960 square feet of additional storage space and shelving at the existing North Operations Rail Maintenance Facility which will accommodate spare parts for the 10-vehicle fleet.



SBE PARTICIPATION:

The SBE goal is 7%. The contractor will exceed the goal utilizing the following SBE subcontractors.

SBE Subcontractor	Service/Product	68.40%
Prime contractor is a SBE	Architectural and Construction	33.34%
C-2 Concrete, Inc.	Concrete Construction	29.20%
Majestic Services, Inc.	Specialty Trade Contractors	5.86%

PROCUREMENT:

The IFB was posted on DemandStar on September 22, 2017, and was publicly advertised in the *Austin American-Statesman* on September 25 and October 2, 2017. Advance notices were issued to 93 vendors and 795 suppliers were notified through DemandStar, with 25 planholders that downloaded documents. A non-mandatory site visit and pre-bid conference were conducted on October 5, 2017, with a second and third site visit conducted on October 12 and 23, 2017. There was 1 Question and Answer document, and 1 Amendment issued. By the closing date of November 1, 2017, prior to 3:00 p.m., 4 bids were received from the following bidders:

No	Bidder	Amount
1.	ASD Consultants, Inc.	\$ 327,777
2.	T. F. Harper & Associates, LP	\$ 375,751
3.	Unity Contractor Services, Inc.	\$ 399,000
4.	S&G Contracting, Inc.	\$ 422,144

ASD Consultants, Inc. was the lowest, responsive, responsible bidder and submitted all the required documents with their bid, which was received prior to the established date and time for the receipt of bids. Customer references were checked and revealed a positive performance record. A financial analysis was conducted revealing no financial concerns reflecting that the firm has the adequate financial resources and capacity to conduct the work. ASD Consultants, Inc. is not debarred on the Federal or State Debarred vendor lists. The price was determined to be fair and reasonable based on adequate competition. The contract is a fixed, unit price contract. The period of performance is 150 calendar days from notice to proceed.

RESPONSIBLE DEPARTMENT: Capital Projects



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

COUNTY OF TRAVIS

RESOLUTION (ID # AI-2017-597)

North Operations Rail Maintenance Facility Addition

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to respond to current and future rail customer demands by increasing service capacity; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need to provide additional railcars which require additional storage space for spare parts to ensure proper maintenance.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the Interim President/CEO, or designee, is authorized to finalize and execute a contract with ASD Consultants, Inc. for the North Operations Rail Maintenance Facility addition in an amount not to exceed \$327,777, for the construction of additional storage space for new railcar spare parts.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2017-597 (4022 : North Ops Rail Maintenance Expansion)

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 01/29/2018
(ID # 4028)
Election of Board Officers**

Approval of a resolution appointing officers of the Capital Metro Board of Directors for 2018.

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 1/29/2018
(ID # AI-2017-641)
Election of Capital Metro Board Officers**

SUBJECT:

Approval of a resolution appointing officers of the Capital Metro Board of Directors for 2018.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

3. Community

Strategic Objectives:

3.3 Create service strategies that utilize community and stakeholder feedback

EXPLANATION OF STRATEGIC ALIGNMENT:

Does not apply.

BUSINESS CASE:

Does not apply.

COMMITTEE RECOMMENDATION:

This agenda item will be presented to the full board on January 29, 2017.

EXECUTIVE SUMMARY:

Capital Metropolitan Transportation Authority Board of Directors Bylaws requires that officers of the Board of Directors be selected annually, generally at the first meeting of each new calendar year.

In accordance with the bylaws, the officers are Chairperson, Vice Chairperson and Secretary.

The primary duties of the Chairperson are to preside at all meetings of the board, ensure that the board's adopted policies and resolutions are being effectively carried out, executive financial obligations of the authority as required, establish meeting agenda and recommend the Chairperson and members of the board's committees.

The primary duties of the Vice Chairperson are to preside at all meetings and perform all duties in the absence of the Chairperson and to serve as the Ethics Officer for the Board of Directors.

The primary duty of the Secretary is to act as the custodian of all permanent records of transactions of the Authority including minutes and notices and to perform the duties of the Chairperson in the absent of the Chairperson and Vice Chairperson.



DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Board of Directors



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

**RESOLUTION (ID # AI-2017-641)
Election of Capital Metro Board Officers**

WHEREAS, the Board of Directors Bylaws of the Capital Metropolitan Transportation Authority require that officers of the Board of Directors be selected annually, generally at the first regular meeting of each calendar year for a term of one year ending in January.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby elects _____ as Chairperson; and Vice Chairperson _____ and Secretary _____ to serve as officers of the Capital Metro Board of Directors for the 2018 Calendar Year.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2017-641 (4028 : Election of Board Officers)

Capital Metropolitan Transportation Authority
Board of Directors

MEETING DATE: 01/29/2018
(ID # 4029)

Election of Committee Chairs and Members for 2018

Approval of a resolution confirming the appointments to the Finance, Audit and Administration Committee and Operations, Planning and Safety Committees for 2018.

**Capital Metropolitan Transportation Authority
Board of Directors**

MEETING DATE: 1/29/2018

(ID # AI-2017-642)

Appointment of a 2018 Committee Chairs and Members

SUBJECT:

Approval of a resolution confirming the appointments to the Finance, Audit and Administration Committee and Operations, Planning and Safety Committees for 2018.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

3. Community

Strategic Objectives:

3.3 Create service strategies that utilize community and stakeholder feedback

EXPLANATION OF STRATEGIC ALIGNMENT:

Does not apply.

BUSINESS CASE:

Does not apply.

COMMITTEE RECOMMENDATION:

This agenda item will be presented to the full board on January 29, 2018.

EXECUTIVE SUMMARY:

In accordance with the Capital Metropolitan Transportation Authority Board of Directors Bylaws the Board desires to formalize the appointment of a Chair and Members for the Finance, Audit and Administration Committee and Operations, Planning and Safety Committee subject to the concurrence of the member of the board.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Board of Directors



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

COUNTY OF TRAVIS

RESOLUTION (ID # AI-2017-642)

Appointment of a 2018 Committee Chairs and Members

WHEREAS, The Board of Directors, desires to formalize the appointment of a Chair and Members to the Finance, Audit and Administration Committee in accordance with the Board Bylaws; and

WHEREAS, The Board Chair recommends _____ as Chair and _____, _____, and _____ to serve as members of the Finance, Audit and Administration Committee for 2018 Calendar Year; and

WHEREAS, The Board of Directors, desires to formalize the appointment of a Chair and Members to the Operation, Planning and Safety Committee in accordance with the Board Bylaws; and

WHEREAS, The Board Chair recommends _____ as Chair and _____, _____, and _____ to serve as members of the Operations, Planning and Safety Committee for 2018 Calendar Year.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves these appointments for Calendar Year 2018.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2017-642 (4029 : Election of Committee Chairs and Members for 2018)

Capital Metropolitan Transportation Authority
Board of Directors

MEETING DATE: 01/29/2018
(ID # 4033)

Employment Contract with President/CEO Randy Clarke

Approval of a resolution by the Board of Directors to offer Randy Clarke the position of General Manager and President/Chief Executive Officer of the Capital Metropolitan Transportation Authority under the terms and conditions reflected in the attached Employment Agreement. Upon acceptance of this offer by Randy Clarke, the Board Chairperson is hereby authorized to execute the agreement.

**Capital Metropolitan Transportation Authority
Board of Directors**

**MEETING DATE: 1/29/2018
(ID # AI-2018-691)
President/CEO Position**

SUBJECT:

Approval of a resolution by the Board of Directors to offer Randy Clarke the position of General Manager and President/Chief Executive Officer of the Capital Metropolitan Transportation Authority under the terms and conditions reflected in the attached Employment Agreement. Upon acceptance of this offer by Randy Clarke, the Board Chairperson is hereby authorized to execute the agreement.

FISCAL IMPACT:

Funding for this action is available in the FY2018 Operating Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

4. Human Capital

Strategic Objectives:

4.1 Enhance organizational development

4.3 Be an Employer of Choice

EXPLANATION OF STRATEGIC ALIGNMENT:

While this action is linked to and supports all goals in the Strategic Plan it primarily supports the goal to recruit, attract, retain, develop and reward a top quality workforce starting with the President/CEO who is charged with leading the organization.

BUSINESS CASE:

Section 451.106, Texas Transportation Code, requires the Board of Directors to employ a General Manager and President/CEO to administer the daily operation of the Authority.

COMMITTEE RECOMMENDATION:

This agenda item will be presented to the full board on January 29, 2018.

EXECUTIVE SUMMARY:

The recruitment process for Capital Metro's President/CEO was initiated last summer when Linda Watson announced her retirement.

Since then, the board completed a rigorous process to make sure the agency emerges with the best possible leader. The process was completed at a Special Board Meeting on January 12, 2018, when Randy Clarke was selected by the Board as the finalist and Krauthamer & Associates began negotiating the employment agreement.



DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Human Resources

Attachment: Resolution-AI-2018-691 (4033 : Employment Contract with President/CEO Randy Clarke)



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

**RESOLUTION (ID # AI-2018-691)
President/CEO Position**

WHEREAS, Section 451.106, Texas Transportation Code, requires the Board of Directors to employ a General Manager and President/CEO to administer the daily operation of the Authority; and

WHEREAS, the Board of Directors has conducted a national search for the President/CEO and has considered input from community, business, customer and employee stakeholders.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the Board of Directors hereby offers to Randy Clarke the position of General Manager and President/Chief Executive Officer of the Capital Metropolitan Transportation Authority under the terms and conditions reflected in the attached Employment Agreement. Upon acceptance of this offer by Randy Clarke, the Board Chairperson is hereby authorized to execute the agreement.

**Secretary of the Board
Juli Word**

Date: _____

Attachment: Resolution-AI-2018-691 (4033 : Employment Contract with President/CEO Randy Clarke)