I. Pledge of Allegiance

II. Safety Briefing

III. Recognition

IV. Public Comment:

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

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 September 11, 2019 Public Hearing and September 23, 2019 Board Meeting.
   2. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Core Office Interiors for the purchase and installation of furniture for the administrative lease space at 700 Lavaca, Suite 1400, in an amount not to exceed $500,000.
   3. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract modification with Luminator Mass Transit LLC for ePaper Dynamic Message Signs (DMS) in an amount not-to-exceed $1,705,270 for a revised total contract award not-to-exceed of $3,487,603.

VIII. Action Items:
   1. Approval by the Board of Directors of Capital Metro’s Investment Policy.
2. Approval of a resolution authorizing the President & CEO, or his designee, to implement the January 2020 Service Changes.

3. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with M. A. Smith Contracting, Inc. for the construction of the North Operations Facility bus yard expansion to accommodate electric buses in the amount of $7,500,000, plus $750,000 (10%) contingency for a total not to exceed amount of $8,250,000.

4. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Bytemark, Inc. to provide and install onboard validators, with a 10% contingency, in an amount not to exceed $3,734,412.

IX. Presentations:
   1. Pickup Service Update
   2. Diversity Report

X. Reports:
   1. President’s Report

XI. Executive Session of Chapter 551 of the Texas Government Code:
   Section 551.076 for Security Issues -- Physical and Cyber Security Update

XII. Items for Future Discussion:

XIII. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

BOARD OF DIRECTORS: Wade Cooper, Chair; Delia Garza, Vice Chair; Eric Stratton, Secretary; Terry Mitchell; Rita Jonse; Ann Kitchen, Jeffrey Travillion and Pio Renteria.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.
TITLE: Update on the Customer Satisfaction Advisory Committee (CSAC).
Customer Satisfaction Advisory Committee  
Wednesday, October 9, 2019  
607 Congress Ave, Austin, Texas 78701  
6:00 p.m. – 7:30 p.m.

Call to Order:  
*Chairman David Foster, Customer Satisfaction Advisory Committee*

Chairman Foster called the meeting to order at 6:10 p.m.

**Introductions:**

Committee members present: Elizabeth Stehl, Ephraim Taylor, David Foster, BJ Taylor, David Shapiro,  

Capital Metro staff present: Yannis Banks, Lawrence Deeter, Dottie Watkins, Ora Chisom, Daniella Madubuike  

Others present: Jean Crawford, Ruven Brooks

**Public Communication**  
*Members of the public*

Jean told the committee today about the 10 bypassing 4 stops. Dottie is having them pull video on it. She also mentioned about the passes fading.

Ephraim – What’s the bike passing rule for buses? Has had incidents of 3 ft passing. Seen busses pull back in close. Dottie – Explained the distant that buses are supposed to have when passing. We want to hear about these incidents, please report so we can pull the video & retrain operator.

**Chief Customer Officer**  
*Dottie Watkins, Chief Customer Officer,*

Changed the title to be Chief Customer Officer to make sure that we have great customer experience. Want to have CSAC help us find ways to hear the different voices that ride our service. All the different kinds of riders: all the time riders, once in a while riders, commuter riders. Biggest headache currently is PM peak traffic. We know that it is a problem and we are working to fix that. The other is an overcrowded bus. It’s a good thing for Metro that people want to ride but we are working on ways to alleviate that. CSAC – Is there feedback you’re getting from the employee population? Currently we have a process, but it’s not used as often as it should be. We are looking to improve it. CSAC – Is your new title common in transit world? Dottie – It is not. It’s is more common in tech world. CSAC – You mentioned appealing to the occasional rider, I saw that last weekend and the operator did an exceptional job of handling the riders I saw. Have you thought about doing a communiqué over the radio? The bus is was on was route 3 at 11 pm by the Schlotzsky. Dottie - That is a good idea. Events are a good opportunity for us to reach out to people who may not normally think about using transit.
January Service Change

Lawrence Deeter, Principal Planner, Short Term

Service changes for January is minor. Metrorail will resume Saturday service. We will also do service from Leander on Saturday starting January. Route 980 will permanently serve Howard Station. We are making adjustments to reduce overcrowding on 985. On high frequency routes additional trips to reduce overcrowding & Route 20 will permanently serve LBJ/LASA. CSAC – Are you adding extra buses? Lawrence – I’m not saying that yet. Buses are scarce right now we may have to look at other tools. It may be like one single trip/short trip. Example, a route may get crowded in downtown & not after so we wouldn’t run the extra bus the full route trip just the congested part. You wouldn’t notice a frequency change. Details are still being worked out.

Route 337 will resume the original Remap route. It has been on detour due to construction on 183. Probably do 6 school trips on the 337. 3 in the morning & 3 in the afternoon. CSAC - #20 has no layover point except at area behind Winn Elem. Two buses normally arrive & one sits there while the other one leaves. When you add a 337 you cause a safety issue. Lawrence – We never intended to lay the 20 over but it was a part of the detour. What we can do is look to move the end of line timepoint. Ruven – How long does the #20 take to get from LASA to downtown? Lawrence – Roughly 30 mins. This week started our Hornsby Bend service in partnership with Travis County & Carts. CSAC – How does one change #5 to get to Townlake YMCA? Lawrence – Caesar Chavez is a parking lot after 3 pm. To introduce another bus into that will probably cost another peak route bus. We are tight on buses so we would have to look where to do that. CSAC – The 335 could be an option to take one, there isn’t high ridership on that one. CSAC – Looking at land development code, Redd St along route 105 is being densified from Manchaca to Bannister. 105 should have as much frequency as what the 5 use to do. Should have an all-day service. Will mention to council member Kitchen. Similar to the neighborhood on route 333 on Brodie where it splits.

Pickup Update

Ora Chisom, Innovative Mobility Project Manager

Ridership has been increasing. We will launch Leander service on Nov 19th. We are currently considering the hours of operation for Leander and are looking at syncing up with train schedule as much as possible. CSAC – Are you looking to expand to other parts of Austin? Ora – There is possibility for other parts of Austin. We have been getting request for other areas. We haven’t committed to any other zones as of yet. It’s a minimum 4-month timetable to roll out new zones. CSAC – How many vehicles do you have now? Ora – 12 with 3 being backup in case one breaks down. CSAC – Flexibility to move them around? Ora – Yes. CSAC – Is VIA the contractor? Ora – MTM North base handles Pickup.

Project Connect Update

Yannis Banks, Community Engagement Coordinator

Let them know about the upcoming joint meeting with the City Council & Cap Metro Board. Also about the Rapid open houses.
2020 Workplan Update

- Have someone present on ASMP and Sidewalk Masterplan – From the city.
- Conversation on Bikes & Buses – First & last mile in April.
- Presentation in Dec on Final Project Connect Map.
- Want to hear from staff on a presentation of mode before presented to the board in March.
- Like to see Complaint process & stats update in Dec.

Invitation to Southwood Neighborhood Association Nov 20th like a PC presentation.

November Meeting

Approval of September 2019 Minutes

- Remove David Shapiro. Had him twice. Temp bust stop on 2nd page.
- David Shapiro motion to accept with changes, BJ second.
  - Approved 5 - 0

Adjourn 7:23
UPDATE: Update on the Access Advisory Committee (AAC).
Call to Order:

Chairman David Foster, Customer Satisfaction Advisory Committee

Chairman Foster called the meeting to order at 6:10 p.m.

Introductions:

Committee members present: Elizabeth Stehl, Ephraim Taylor, David Foster, BJ Taylor, David Shapiro,

Capital Metro staff present: Yannis Banks, Lawrence Deeter, Dottie Watkins, Ora Chisom, Daniella Madubuike

Others present: Jean Crawford, Ruven Brooks

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**Project Connect Update**  
*Yannis Banks, Community Engagement Coordinator*

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- Remove David Shapiro. Had him twice. Temp bust stop on 2nd page.
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Adjourn 7:23
Approval of Minutes from the September 11, 2019 Public Hearing and September 23, 2019 Board Meeting.
I. Presentation:

1. FY2020 Operating and Capital Budget and 5-Year CIP

CFO Reinet Marneweck presented an overview of the proposed FY2020 Operating and Capital Budget and 5-year Capital Improvement Plan.

Reinet began by thanking the Board for their service and leadership, and for their guidance in setting priorities for the budget. She then reviewed a summary of the FY2020 Budget, including enhanced funding for customer amenities and improvements. She also presented the current status of Capital Metro’s fleet electrification and Pickup service.

Chair Cooper thanked Reinet, Kevin Conlan, and staff for their work on the budget. He noted that the agency has made great strides financially and in being transparent in the five years that he has been on the board.

II. Public Comment:

There was no public comment.

III. Items for Future Discussion:

IV. Adjournment

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

~ Minutes ~

Monday, September 23, 2019
12:00 PM 12:10 PM Meeting Called To Order
12:00 PM 2:16 PM Meeting Adjourned

I. Pledge of Allegiance

II. Safety Briefing
Vice President of Risk Management and Safety Gardner Tabon gave his monthly briefing. This month’s briefing highlighted that this month's meeting is taking place during National Rail Safety Week.

III. Recognition
Vice President of Demand Response and Innovative Mobility Chad Ballentine and President Clarke recognized 4-year MetroAccess Operator Juan Lopez, who was recently instrumental in reuniting a lost child with her family. President Clarke presented Juan with a President's Coin.

IV. Public Comment:
There was no public comment this month.

V. Advisory Committee Updates:
1. Update on the Customer Satisfaction Advisory Committee (CSAC)
Community Involvement Specialist Yannis Banks presented the update. This month the CSAC Committee heard a Project Connect and autonomous vehicles update, as well as a report on bus stop facilities and amenities.

2. Update on the Access Advisory Committee
Community Involvement Specialist Yannis Banks presented the update. This month the Access Committee took a field trip to the bus stop at 2nd and Pleasant Valley to look at the new shelter design and other passenger amenities so they could provide feedback on accessibility issues. They also heard updates on MetroAccess and Pickup software upgrades.

VI. Board Committee Updates:
1. Finance, Audit and Administration Committee
Chair Mitchell was not able to attend the meeting, so no report was given.

2. CAMPO update
Chair Mitchell was not able to attend the meeting, so no report was given.

VII. Action Items:
1. Approval of Minutes from the August 12, 2019 Special Board Meeting and August 26, 2019 Board Meeting.
2. Approval of the Fiscal Year 2020 Operating and Capital Budget and Five-Year Capital Improvement Plan.

CFO Reinet Marneweck presented this item.

The FY2020 Budget will provide just over $403.5 million across Capital Metro's Operating and Capital budgets for current services and projects, as well as making a significant investment in Project Connect. The 5-year CIP includes money for the purchase of 80 electric vehicles, bus stop enhancements, and the new Downtown Station.

Chair Cooper made comments recognizing staff for their hard work on putting together this year's budget and Capital Improvement Plan. Board Members Travillion and Renteria also thanked staff for their time spent briefing board members individually and answering their concerns so thoroughly.

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

3. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a modification of Contract No. 200230 - Positive Train Control (PTC) with Modern Railway Systems, Inc. (MRS), to extend the contract end date and for additional engineering services for double tracking and PTC integration in the amount of $5,020,304, plus $2,100,000 in contingency, for a total not to exceed amount of $7,120,304 for this modification, bringing the total board authorized amount on this contract to $77,260,706.

Vice President of Rail Operations Dave Dech presented this item.

Dave gave a brief presentation summarizing the modifications. The changes are primarily related to integrating TIGER V double-tracking improvements with Positive Train Control, in order to comply with federal regulations. It will also replenish project contingency funding in case unexpected issues arise.

Board member Stratton asked whether these changes were all required by the largely unfunded federal mandate to implement PTC on our system. Dave responded that we are required to implement these changes if the tracks are to remain usable.

Board member Travillion asked about SBE and DBE participation on this contract. Will there be new subcontractors added to perform this work, and could I see a delta report of any changes since this work began?
4. Approval of a resolution authorizing the President & CEO, or his designee, to execute a modification to the contract with Downtown Gateway Partners to add $650,000 to replenish contingency for design and engineering services that may be needed during construction for unforeseen conditions, for a total revised contract amount not to exceed $5,632,445.

Project Manager Marc Guerrero presented this item.

Marc gave a brief presentation with an update on the current status of the Downtown Station construction project. Chair Cooper noted that he had recently toured the construction and was impressed with the progress on the site and complexity of the project.

Board member Travillion asked if the board could be provided with a delta report of SBE/DBE participation since the project began.

President Clarke thanked both the project team and the City of Austin for their collaboration on the project. He offered to arrange tours of the site for interested board members.

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

5. Approval of a resolution authorizing the President & CEO, or his designee, to execute a modification to the Construction Observation and Coordination Services Contracts to firms Freese & Nichols, Inc. and Aken Industries LLC, for a combined amount of $1,200,000 for the additional construction observation and coordination services for a total revised contract amount not to exceed $3,200,000.

Vice President of Capital Projects Ken Cartwright presented this item.

We utilize these services to coordinate and supervise construction projects in the field to ensure quality and safety practices are being followed. There has been in increase in the number of construction projects since the contract was awarded, so additional services are needed. Each individual project has money available in their budget to cover these services.

Board member Stratton thanked Ken for a recent briefing on how these capital project contract modifications are handled.

RESULT: ADOPTED [UNANIMOUS]
MOVER: Eric Stratton, Board Secretary
SECONDER: Sabino Renteria, Board Member
AYES: Cooper, Garza, Renteria, Travillion, Stratton
ABSENT: Mitchell, Kitchen, Jonse
6. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute task order contracts with Allegiant Group, PLLC., National Valuation Group, Inc., Paul Hornsby and Company, and Aegis Group to provide Real Property Appraisal Services with a base term of one (1) year, with four (4) one-year options in an amount not to exceed $2,130,000.

Vice President of Real Estate and Property and Asset Management Shanea Davis presented this item.

Board member Stratton asked how projects are assigned to each of the four firms on this contract. Shanea said that a "mini RFP" process is utilized to award work to the most qualified company.

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

7. Approval of a resolution authorizing the President & CEO, or his designee, to execute a contract with American Eagle to provide a Web Content Management System for a base period of one year, with four one-year options in an amount not to exceed $468,360.

Chief Information Officer Jane Schroter presented this item.

This is a state of good repair purchase to replace a product that is no longer being sold or supported.

Board member Travillion asked whether there was an internal firewall to protect sensitive data. Jane explained that the software will have access levels that will restrict user’s access from sensitive material. She also alerted the board that they will receive a cybersecurity update in Executive Session at the next board meeting.

Board member Stratton asked if this software will change the look and feel of the current website. Jane explained that this software is just the framework of the site, but that Marketing will have more and better options for improvements in the future when using the newer system.

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

8. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Creative Consumer Research to conduct Origin and Destination Survey 2020 services in an amount not to exceed $420,000.

Service Analysis Manager Jennifer Govea presented this item.
Jennifer gave a brief presentation to explain the purpose, goals, and methodology behind the Origin & Destination survey. This study collects information on the travel patterns of our customers. The last time this study was conducted was in early 2015. This survey also collects important data that is reported to the Federal Transit Administration (FTA).

Vice Chair Garza asked for clarification on who participates in the survey. Is this different than our Customer Satisfaction survey? Kerri Butcher clarified that we also survey non-riders as part of that survey, and that it focuses on other things including amenities. President Clarke also added that this is really a service planning tool, and that it is similar to what is done locally by CAMPO on a more holistic basis.

Board member Stratton asked about statistically valid standards and timing for the survey.

**RESULT:** ADOPTED [UNANIMOUS]
**MOVER:** Eric Stratton, Board Secretary
**SECONDER:** Delia Garza, Vice Chair
**AYES:** Cooper, Garza, Renteria, Travillion, Stratton
**ABSENT:** Mitchell, Kitchen, Jonse

9. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute an Interlocal Agreement with the City of Georgetown for operation of transit service for an amount not to exceed $371,950 in FTA funds and $591,564 in local funds from the City of Georgetown.

Regional Coordination Manager Michelle Meaux presented this item and the following item as a pair.

The City of Georgetown uses a combination of federal transit and local funds to provide service in the city. CARTS operates the service under a separate agreement.

Chair Cooper asked about service levels in Georgetown. Michelle offered that there has been a small increase in federal funding and a corresponding increase in service.

Board member Stratton asked for confirmation that this is a pass-through cost to Capital Metro. Capital Metro administers the funds/funding but does not actually participate financially.

**RESULT:** ADOPTED [UNANIMOUS]
**MOVER:** Delia Garza, Vice Chair
**SECONDER:** Eric Stratton, Board Secretary
**AYES:** Cooper, Garza, Renteria, Travillion, Stratton
**ABSENT:** Mitchell, Kitchen, Jonse

10. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute an addendum to the interlocal agreement with Capital Area Rural Transportation System (CARTS) for the provision of transit services to the City of Georgetown for a period of one year in an amount not to exceed $963,514.

This item was taken up and approved as a pair with Action Item #9.
RESULT: ADOPTED [UNANIMOUS]
MOVER: Delia Garza, Vice Chair
SECONDER: Eric Stratton, Board Secretary
AYES: Cooper, Garza, Renteria, Travillion, Stratton
ABSENT: Mitchell, Kitchen, Jonse

11. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute an amendment to the interlocal agreement with Travis County for the provision of transit services to increase the local funding share to $357,133 per year.

Regional Coordination Manager Michelle Meaux presented this item and the following item as a pair.

Michelle gave a brief presentation explaining the service. Travis County participated in the Service Expansion program. We have a three-year ILA with the County to guide the implementation of projects. At this time they would like to make minor amendments to the ILA to clarify the project list and amend the budget. The highlight for this year is the Hornsby Bend service, which is a flex-type service pilot that will begin on October 7th. Travis County will fund the service.

Scheleen Walker, Long Range Planning Manager for Travis County, spoke in support of the changes and gave additional background on the funding used to pay for the services.

Board member Travillion, Vice Chair Garza, and Chair Cooper all made comments on the importance of these routes and the partnerships that have been formed in the process of getting them running.

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

12. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute Supplement No. 10 with the Capital Area Rural Transportation System (CARTS) for the provision of a pilot project with Travis County for the Hornsby Bend Feeder for a period of one year in an amount not to exceed $229,878.

This item was taken up and approved as a pair with Action Item #11.

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

13. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a lease for office space with Travis County. The office space is located at 700 Lavaca and includes 19,671 rentable square feet for a base term of five (5) years, with two (2) unpriced option years for an amount not to exceed $4,657,457.

(This item was taken up after the Executive Session.)
Vice President of Real Estate and Asset Management Shanea Davis presented this item.

This new administrative space will allow for greater flexibility and relieve overcrowding at the 2910 East 5th building, allowing the service provider and Capital Metro Operations staff to better work together in that facility.

Chair Cooper commented on the overcrowding at 2910 East 5th, and thanked the County for making this space available.

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

VIII. Executive Session of Chapter 551 of the Texas Government Code:
Section 551.072 for real property issues - Real Estate - Downtown Office

Went into executive session at 1:27 PM.
Returned from executive session at 1:51 PM.

IX. Presentations:
1. Project Connect Update
Project Connect Program Officer Dave Couch presented this item.

The Capital Metro Board and Austin City Council will hold a joint worksession on Project Connect at the end of October. Dave presented a timeline and also gave updates on the current status and public outreach for the Orange and Blue Line corridors. He also gave an overview of Green Line stakeholder outreach.

Chair Cooper asked about a recent meeting with the administration at UT and options for service through the campus.

Board member Stratton asked about recent meetings with TxDOT and the current status of service planning along Parmer Lane.

X. Reports:
1. President’s Report
President Clarke presented his monthly report, which this month included updates on the launch of new Pickup Zones, ridership growth, recent recognitions for both Project Manager Katherine Gonzalez and the Capital Metro IT Department, and an award from the Mayor's Fitness Council as the Healthiest Workplace. He also noted the hiring of Sharmila Mukherjee as the new EVP for Planning, and Dottie Watkins being made the permanent Chief Customer Officer/Chief Operating Officer.

XI. Items for Future Discussion:

XII. Adjournment
ADA Compliance

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Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Core Office Interiors for the purchase and installation of furniture for the administrative lease space at 700 Lavaca, Suite 1400, in an amount not to exceed $500,000.
SUBJECT:
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Core Office Interiors for the purchase and installation of furniture for the administrative lease space at 700 Lavaca, Suite 1400, in an amount not to exceed $500,000.

FISCAL IMPACT:
Funding for this action is available in the FY2020 Capital Budget.

STRATEGIC PLAN:
Strategic Goal Alignment:
1. High Quality Customer Experience, 2. Engaged Workforce, 4. Valued Community Partner

Strategic Objectives:
1.3 Net Promoter Score /Customer Satisfaction, 2.2 Staff Satisfaction, 4.4 Organizational Partner Satisfaction

EXPLANATION OF STRATEGIC ALIGNMENT:
This lease will allow Capital Metro to provide adequate space in the 2910 E. 5th Street facility for the combined operations and maintenance service provider and Capital Metro operations and maintenance staff to work within the same space, as one unit, to daily address and improve the services provided to our customers. The lease also allows Capital Metro to partner with Travis County through an agreement that benefits both agencies. It will also provide a positive work environment and will allow the agency to maintain facilities in a state of good repair.

BUSINESS CASE:
Capital Metro needs additional administrative office space to address capacity issues and provide adequate space for service provider operations. Lease of additional space allows Capital Metro to address capacity and provide for Capital Metro and service provider staff to work within the same space to contribute to improved service to our customers. This lease space will need to be furnished. This furniture is required for the administrative space to maintain a state of good repair. The funding for this furniture is included in the FY2020 capital budget.

COMMITTEE RECOMMENDATION:
This agenda item was presented and is recommended for approval by the Operations, Planning and Safety Committee on October 9, 2019.

EXECUTIVE SUMMARY:
As previously discussed with the Board of Directors, the space at 2910 E. 5th Street is
currently at capacity. The lease of space at 700 Lavaca allows Capital Metro to provide adequate space for the service provider operating all Capital Metro bus service. This includes space that has been unavailable in the past such as an adequate amount of office space, a dedicated training room and space for safety and training personnel, improved restrooms and break rooms, the addition of a locker room, and space for the service provider and Capital Metro operations and maintenance staff to work within the same space to daily address and improve service provided to our customers. This space will need to be furnished. This furniture procurement is part of the overall Capital Metro facility modification project.

SBE PARTICIPATION:
No SBE goal is assigned to this procurement. The vendor met the requirements of the originating contracting entity. However, the prime contractor has committed to making a good faith effort to use small businesses for furniture installation.

PROCUREMENT:
The contract will utilize the BuyBoard Cooperative, Contract No. 584-19 held by Core Office Interiors to purchase, deliver and install office furniture for our administrative space at 700 Lavaca Street.

BuyBoard awarded contracts are made available for use by Capital Metro via Title 7, Intergovernmental Relations Chapter 791, Interlocal Cooperation Contracts and The Texas Interlocal Cooperation Act.

Purchases made using BuyBoard contracts satisfy otherwise applicable competitive bidding requirements. Pricing for the purchase, delivery and installation of the administrative office furniture was determined to be fair and reasonable by the BuyBoard cooperative during its solicitation and award process.

Core Office Interiors “Not to Exceed” BuyBoard pricing:

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>DESCRIPTION</th>
<th>LUMP SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purchase, Deliver and Install Furniture for CMTA administrative space at 700 Lavaca Street</td>
<td>Not-to-Exceed $ 500,000</td>
</tr>
</tbody>
</table>

The contract is a fixed price contract.

RESPONSIBLE DEPARTMENT: Capital Projects
RESOLUTION OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

RESOLUTION (ID # AI-2019-1109)
Furniture Purchase for Administrative Space at 700 Lavaca

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to provide administrative office space that promotes efficient and effective operations and promotes a culture of communication; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need to purchase office furniture that facilitates a productive work environment and supports compliance with the state of good repair.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract with Core Office Interiors for the purchase and installation of furniture for the administrative space at 700 Lavaca in an amount not to exceed $500,000.

________________________
Date: ____________________

Secretary of the Board
Eric Stratton
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract modification with Luminator Mass Transit LLC for ePaper Dynamic Message Signs (DMS) in an amount not-to-exceed $1,705,270 for a revised total contract award not-to-exceed of $3,487,603.
SUBJECT:
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract modification with Luminator Mass Transit LLC for ePaper Dynamic Message Signs (DMS) in an amount not-to-exceed $1,705,270 for a revised total contract award not-to-exceed of $3,487,603.

FISCAL IMPACT:
Funding for this action is available in the FY2020 Capital Budget. Future year contract modifications will be contingent upon future capital funding availability.

STRATEGIC PLAN:
Strategic Goal Alignment:
1. High Quality Customer Experience

Strategic Objectives:
1.3 Net Promoter Score /Customer Satisfaction

EXPLANATION OF STRATEGIC ALIGNMENT:
The ePaper DMS will provide more accurate real time information, enhanced graphics for displaying system maps or other rider information, as well as public service announcements.

BUSINESS CASE:
This contract modification is to provide a mechanism for Capital Metro to expand ePaper DMS to appropriate high-frequency stops, park and rides, and bus shelters as funding becomes available through the Capital Improvement Plan over the course of the next six years. In February 2019, the Board awarded a contract to Luminator for replacement of the out-of-lifecycle DMS with ePaper DMS at Bus and Rail stations. The award included quantities that were undefined for other locations. An assessment has been completed for the additional quantities that are projected to be needed over the base and option years of the contract.

COMMITTEE RECOMMENDATION:
This agenda item was presented and is recommended for approval by the Operations, Planning and Safety Committee on October 9, 2019.

EXECUTIVE SUMMARY:
On February 25, 2019 the Board awarded this contract for ePaper DMS for Bus and Rail stations in a not-to-exceed award of $1,782,333 plus indefinite quantities for other locations that did not previously have digital signage but might in the future. Locations for digital signage will be determined, initially, by average daily ridership and the number of routes serving a stop. The contract award not-to-exceed limit now needs to be
increased to account for the estimated quantities for the base and five (5) optional one-year terms in an amount not-to-exceed $1,705,270. This action is only a contract mechanism to allow us to purchase ePaper DMS as capital projects are envisioned, justified and funded through the Capital Improvement Plan process.

SBE PARTICIPATION: No SBE goal is assigned to this procurement due to limited subcontracting opportunity. Because, it is a specialized upgrade to the dynamic message signs.

PROCUREMENT: The RFP was issued on November 6, 2018, on PlanetBids after review and approval from the Contracts Administrator, Project Manager, Procurement Manager, Procurement Director, and Deputy Counsel. It was advertised in the Austin American-Statesman on November 12 and 19, 2018.

The proposal from Luminator Mass Transit LLC was determined to be the best value to the Authority, price and other factors considered. The contract is a fixed price for the Base Year and five (5) optional years for hosting, maintenance and support. On February 25, 2019 the Board awarded this contract for ePaper DMS for Bus and Rail stations in a not-to-exceed level award of $1,782,333 plus indefinite quantities for other locations that did not previously have digital signage. The contract award not-to-exceed limit now needs to be increased to account for the estimated quantities in an amount not-to-exceed $1,705,270 for a revised total contract award not-to-exceed amount of $3,487,603.
RESPONSIBLE DEPARTMENT: Information Technology
RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

RESOLUTION (ID # AI-2019-1090)
ePaper Dynamic Message Signs

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to provide more accurate real-time information, enhanced graphics for displaying system maps or other rider information, as well as public service announcements.

NOW, THEREFORE, BE IT RESOLVED that the Capital Metro Board of Directors authorizes the President & CEO or his designee to finalize and execute a contract modification with Luminator Mass Transit LLC for ePaper Dynamic Message Signs (DMS) in an amount not-to-exceed $1,705,270 for a revised total contract award not-to-exceed of $3,487,603.

________________________  ______________________
Secretary of the Board    Date: ______________________
Eric Stratton
Approval by the Board of Directors of Capital Metro's Investment Policy.
SUBJECT: Approval by the Board of Directors of Capital Metro’s Investment Policy.

FISCAL IMPACT: This action has no fiscal impact.

STRATEGIC PLAN: Strategic Goal Alignment: 3. Sustainability

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 Public Funds Investment Act. The governing body of an investing entity is required to review its investment policy and investment strategies no 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 is recommended for approval by the Board of Directors on October 28, 2019.

EXECUTIVE SUMMARY: Changes to the Texas Public Funds Investment Act (PFIA) included one change that affects Capital Metro’s policy. Previously, the maturation of Commercial Paper was limited to 270 days or less. Changes to the PIFA effective September 1, 2019, extended the maturation to 365 days or less. The proposed policy reflects this change. Capital Metro’s investment policy was last reviewed and approved by the Board of Directors in October 2018. This policy was reviewed by PFM Asset Management LLC, under contract as Capital Metro’s investment advisory firm, and the recommended change to the existing policy has been incorporated. 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-2019-1110)
Capital Metro’s Investment Policy

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 and such review has been performed.

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 the revisions are recommended to the investment policy or strategies.

________________________
Date: ____________________

Secretary of the Board
Eric Stratton
Investment Policy

Approved:
Capital Metropolitan Transportation Authority
Board of Directors
October 28, 2019
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  D. Prudent and Ethical Standards

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  E. Responsibility and Controls
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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 IV.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 IV.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 IV.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.
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 365 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 AAA-m or equivalent by one 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 allowed 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, AAAm 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 the 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, protecting 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 Section IV.A.). Repurchase agreements must also be collateralized in accordance with State law. Each issuer of repurchase agreement 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:

<table>
<thead>
<tr>
<th>Collateral Maturity</th>
<th>U.S. Treasury Securities</th>
<th>U.S. Government Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year or less</td>
<td>101%</td>
<td>101%</td>
</tr>
<tr>
<td>1 year to 5 years</td>
<td>102%</td>
<td>102%</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>103%</td>
<td>104%</td>
</tr>
</tbody>
</table>
(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.

(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 Section IV.B.1.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.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Agreements</td>
<td>50%</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>20%</td>
</tr>
<tr>
<td>Share Certificates</td>
<td>5%</td>
</tr>
<tr>
<td>U.S. Treasury Notes/Bond/Bills</td>
<td>100%</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>60%</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>50%</td>
</tr>
<tr>
<td>Local Government Investment Pools</td>
<td>100%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>30%</td>
</tr>
<tr>
<td>Banker’s Acceptance</td>
<td>15%</td>
</tr>
</tbody>
</table>

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 (MMMFs) and local government investment pools (LGIPs).

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 II.D.).

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 (MMMFs) and local government investment pools (LGIPs) 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 MMMFs and LGIPs shall be based on criteria determined by the Investment Committee, including adherence to Securities and Exchange Commission (SEC) guidelines for MMMFs 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.

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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.
Investment Policy

Approved:
Capital Metropolitan Transportation Authority
Board of Directors
October 28, 2019
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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
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 IV.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 IV.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 IV.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 365 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.

   Deleted: 270
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 AAA-m or equivalent by one 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 allowed 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, AAAm 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 the 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, protecting 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. Repurchase agreements must also be collateralized in accordance with State law. Each issuer of repurchase agreement 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").
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.

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:

<table>
<thead>
<tr>
<th>Collateral Maturity</th>
<th>U.S. Treasury Securities</th>
<th>U.S. Government Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year or less</td>
<td>101%</td>
<td>101%</td>
</tr>
<tr>
<td>1 year to 5 years</td>
<td>102%</td>
<td>102%</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>103%</td>
<td>104%</td>
</tr>
</tbody>
</table>
(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.

(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 Section IV.B.1.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.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Agreements</td>
<td>50%</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>20%</td>
</tr>
<tr>
<td>Share Certificates</td>
<td>5%</td>
</tr>
<tr>
<td>U.S. Treasury Notes/Bond/Bills</td>
<td>100%</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>60%</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>50%</td>
</tr>
<tr>
<td>Local Government Investment Pools</td>
<td>100%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>30%</td>
</tr>
<tr>
<td>Banker’s Acceptance</td>
<td>15%</td>
</tr>
</tbody>
</table>

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.

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

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.

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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 II.D.).

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 (MMMFs) and local government investment pools (LGIPs) 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 MMMFs and LGIPs shall be based on criteria determined by the Investment Committee, including adherence to Securities and Exchange Commission (SEC) guidelines for MMMFs 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
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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.

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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.

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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.

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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.

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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
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GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

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.


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 treasurer 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), Artic. 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.


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 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.
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;

(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 standard 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.
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 determine is 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 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.


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) Except as provided by Subsection (g), 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, in addition to the requirements of Subsection (a)(1), 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.
(g) Subsection (a-1) does not apply to the treasurer, chief financial officer, or investment officer of a school district if:

(1) the district:

(A) does not invest district funds; or

(B) only deposits those funds in:

(i) interest-bearing deposit accounts; or

(ii) certificates of deposit as authorized by Section 2256.010; and

(2) the treasurer, chief financial officer, or investment officer annually submits to the agency a sworn affidavit identifying the applicable criteria under Subdivision (1) that apply to the district.

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.

Acts 2019, 86th Leg., R.S., Ch. 477 (H.B. 293), Sec. 1, eff. June 7, 2019.
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;

(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 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,
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) or 2256.013 or, if applicable, Section 2256.0204;

(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) or 2256.013 or, if applicable, Section 2256.0204, 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 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.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 1, eff. September 1, 2019.

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. 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.


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 365 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 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 2, eff. September 1, 2019.

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.,
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 investment 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, for purposes of an investment pool for which a $1.00 net asset value is maintained, "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:

(1) a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily; and

(2) if the investment pool uses amortized cost:

   (A) the investment pool must, to the extent reasonably possible, stabilize at a $1.00 net asset value, when rounded and expressed to two decimal places;

   (B) the governing body of the investment pool must, 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, 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; and

   (C) the investment pool must, in addition to the requirements of its investment policy and any other forms of reporting, 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.
- Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 3, eff. September 1, 2019.

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.
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.


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.

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. Septemb
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) Repealed by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 5, eff. September 1, 2019.

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

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 5, eff. September 1, 2019.
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.

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.
Sec. 2256.0207. 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.

Redesignated from Government Code, Section 2256.0206 by Acts 2019, 86th Leg., R.S., Ch. 467 (H.B. 4170), Sec. 21.001(34), eff. September 1, 2019.

Sec. 2256.0208. LOCAL GOVERNMENT INVESTMENT OF BOND PROCEEDS AND PLEDGED REVENUE. (a) In this section, "pledged revenue" means money pledged to the payment of or as security for:

(1) bonds or other indebtedness issued by a local government;

(2) obligations under a lease, installment sale, or other agreement of a local government; or

(3) certificates of participation in a debt or obligation described in Subdivision (1) or (2).

(b) The investment officer of a local government may invest bond proceeds or pledged revenue only to the extent permitted by this chapter, in accordance with:

(1) statutory provisions governing the debt issuance or the agreement as applicable; and

(2) the local government's investment policy regarding the debt issuance or the agreement, as applicable.
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.


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.


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.


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
(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.


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.


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.


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.


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.


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 dated January 2018 and furnished by the Investor;

(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

[Signature]

Nelson L. Bush
Managing Director
October 3, 2019
Approval of a resolution authorizing the President & CEO, or his designee, to implement the January 2020 Service Changes.
SUBJECT:
Approval of a resolution authorizing the President & CEO, or his designee, to implement the January 2020 Service Changes.

FISCAL IMPACT:
Funding for this action is available in the FY2019 Operating Budget.

STRATEGIC PLAN:
Strategic Goal Alignment:
1. High Quality Customer Experience

Strategic Objectives:
1.1 On-Time Performance
1.2 Ridership
1.3 Net Promoter Score /Customer Satisfaction

EXPLANATION OF STRATEGIC ALIGNMENT:
Service Changes are in accordance with Capital Metro’s Service Standards. These changes are designed to meet Goals 1-4 in Capital Metro’s Strategic Plan:
1). Deliver the best possible customer experience,
2). Demonstrate Regional Leadership,
3). Demonstrate the value of public transportation in a dynamic community,
4). Continue to improve organizational practices and develop staff.

BUSINESS CASE:
These changes are intended to improve the overall customer experience of recent changes as a part of CapRemap through the minor modification of select services

COMMITTEE RECOMMENDATION:
This agenda item was presented and is recommended for approval by the Operations, Planning and Safety Committee on October 9, 2019.

EXECUTIVE SUMMARY:
Staff presented these proposed changes to the board prior to the October 9th Public Hearing and based on feedback from the public input process, staff recommends the following for final approval at the October board meeting:

• Minor Schedule Adjustments – To improve the revised network performance, select routes will receive minor adjustments to their schedules in order to improve on-time performance. Adjustments have already been made in recent months for particular trips on select routes that have experienced overcrowding. Passenger and traffic activity
continue to impact certain routes and require adjustments to address.
• Span of Service Adjustment – Routes 410, 411, & 412 (E-Bus) will start later to match service to customer demand.
• MetroRail Adjustments – MetroRail service will resume on Saturdays. Service will serve all stations (Leander to Downtown) between 4:00 p.m. and 12:30 a.m.
• School Service Adjustments – New school trippers serving LBJ/LASA on Route 337.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Planning and Development
RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

RESOLUTION (ID # AI-2019-1131)
Proposed January 2020 Service Changes

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to support the recent changes of CapRemap which were designed to provide cost-effective fixed-route transit services that respond to and build ridership demand while minimizing impacts on current riders; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need to consider citizen comments and staff recommendations received during the October 9, 2019 Public Hearing; and

WHEREAS, no equity analysis was required because none of the proposed changes met the major service change threshold.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to implement January 2020 Service Changes beginning Sunday, January 5, 2020.

________________________
Date: _____________________

Secretary of the Board
Eric Stratton
Proposed January 2020 Service Changes

Board Meeting
October 28, 2019
Overview

- Minor service changes proposed for January 2020
- Mostly schedule changes to improve reliability
- Two minor route adjustments
MetroRail

- Resume Saturday service
  - Service from Leander to Downtown
MetroExpress

• **Minor Schedule Adjustments**
  - Running time adjustments to improve on-time performance
  - Adjustments to reduce overcrowding
  - Remove temporary Saturday service Routes 980 and 985

• **Minor Routing Adjustment**
  - Route 980 North MoPac Express permanently serve Howard Station
High-Frequency Network & Local Routes

• **Minor Schedule Adjustments**
  • Running time adjustments to improve on-time performance
  • Additional trips to reduce overcrowding (High-Frequency Route Network)
  • Start E-Bus (Routes 410, 411, & 412) later to match to service to demand

• **Minor Routing Adjustment**
  • Route 20 Manor Road/Riverside permanently serve LBJ/LASA
Local Routes – Resume Regular Route

• Route 337 Koenig / Colony Park
  • Due to US Hwy 183 construction, the Loyola bridge crossing US Hwy 183 was closed for approximately 18 months
  • Resume regular routing between Crystal Brook and Springdale along Loyola
  • Add school trips serving LBJ/LASA High School
Outreach

- Customer outreach at specific stops
- Access Advisory Committee
- Customer Satisfaction Advisory Committee
- Public Hearing
THANK YOU!
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with M. A. Smith Contracting, Inc. for the construction of the North Operations Facility bus yard expansion to accommodate electric buses in the amount of $7,500,000, plus $750,000 (10%) contingency for a total not to exceed amount of $8,250,000.
SUBJECT:
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with M. A. Smith Contracting, Inc. for the construction of the North Operations Facility bus yard expansion to accommodate electric buses in the amount of $7,500,000, plus $750,000 (10%) contingency for a total not to exceed amount of $8,250,000.

FISCAL IMPACT:
Funding for this action is available in the FY2020 Capital Budget.

STRATEGIC PLAN:
Strategic Goal Alignment:
3. Sustainability

Strategic Objectives:
3.4 Financial Diversity

EXPLANATION OF STRATEGIC ALIGNMENT:
By improving the North Operations Bus Yard, the project ensures an attractive and accessible transit environment. The project is a critical part of Capital Metro’s initiative to move towards a fleet of battery electric buses and thereby implements sustainability and environmental stewardship best practices and delivers a customer friendly experience.

BUSINESS CASE:
Improvements to the North Operations bus yard will create an attractive and accessible transit environment which are a critical part of Capital Metro’s initiative to move towards a fleet of battery electric buses. The funding for this project is included in the FY 2020 budget and five year capital improvement plan (CIP).

COMMITTEE RECOMMENDATION:
This item will be presented to the full board on October 28, 2019.

EXECUTIVE SUMMARY:
This contract is for the demolition of the old Serta Mattress Factory warehouse foundation, installation of electrical conduit and pavement of a bus yard for a future battery electric bus fleet at the North Operations facility.

DBE PARTICIPATION: The DBE goal is 11%. The prime contractor will exceed the goal utilizing the following DBE subcontractors:
**Subcontractors** | **Race/Gender** | **Services/Products** | **DBE Responsive**
---|---|---|---
Alpha Ready Mix, LLC., Hutto, TX | Hispanic Female | Concrete Delivery and Manufacturing | 10.82% |
SAR Transportation, LLC dba Cantera Transportation, Justin, TX | Caucasian Female | Hauling Service Sand, Gravel, Spoil, Base Material, Hot Mix, etc. | 0.29% |

**PROCUREMENT:** On July 12, 2019 a Request for Proposals was issued and formally advertised. By the closing date of August 29, 2019, four (4) proposals were received. Proposals were rated based on the following factors:

1. Prime Contractor’s demonstrated, relevant work experience of similar scope and scale. Prime contractor references for projects listed as relevant work, including any work with Capital Metro. (30%)

2. Subcontractor’s demonstrated, relevant work experience of similar scope and scale; specifically, concrete, storm drainage and electrical conduit work. Subcontractor references for projects listed as relevant work, including any work with Capital Metro. (30%)

3. Methodology and quality of the work plan proposed to meet project objectives. (20%)

4. Organization chart and team member resumes, experience on similar projects and qualifications for prime contractor and subcontractors. (20%)

The proposal from M A Smith Contracting was ranked highest, all factors considered. The contract is a fixed price contract. The period of performance is 360 calendar days from the Notice to Proceed, for $7,500,000 plus $750,000 (10%) contingency for a total not to exceed amount of $8,250,000.

**RESPONSIBLE DEPARTMENT:** Capital Projects
RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

RESOLUTION (ID # AI-2019-1095)
North Operations Electric Bus Yard Construction Contract

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to make sustainable transportation and operational infrastructure improvements; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need to make improvements to the North Operations bus yard to accommodate battery electric buses.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract with M. A. Smith Contracting, Inc. for construction of the North Operations bus yard facility expansion in the amount of $7,500,000, plus $750,000 (10%) contingency for a total not to exceed amount of $8,250,000.

__________________________
Date: ______________________
Secretary of the Board
Eric Stratton
North Operations Serta Demolition & Repaving for Electric Bus Yard

Operations Committee
October 9, 2019
Serta Mattress Factory Building
Serta Demolition
Serta Demolition
Serta Empty Slab
Future Bus Yard

- Bus Parking (electric)
  - Supports 174 Battery Electric Buses

- Bus Parking (diesel)

- Service Island

- Employee Parking

- Operations Building

- Rail Facility
Future Electric Bus Infrastructure

Bus Parking (electric)

Array #1

Utility Feed

Transformers Switchgears

Buried Conduit

Array #8
THANK YOU!
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Bytemark, Inc. to provide and install onboard validators, with a 10% contingency, in an amount not to exceed $3,734,412.
SUBJECT:
Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Bytemark, Inc. to provide and install onboard validators, with a 10% contingency, in an amount not to exceed $3,734,412.

FISCAL IMPACT:
Funding for this action is available in the FY2020 Capital Budget.

STRATEGIC PLAN:
Strategic Goal Alignment:
1. High Quality Customer Experience

Strategic Objectives:
1.1 On-Time Performance, 1.3 Net Promoter Score/Customer Satisfaction

EXPLANATION OF STRATEGIC ALIGNMENT:
Onboard validators are now only installed on the MetroRapid fleet. Mobile ticketing is visually inspected on the remaining bus fleet. By installing onboard validators across the entire bus fleet, on-time performance will be improved by reducing dwell times, streamlining boarding and setting the stage for implementation of our long-term fare strategy with expanded fare offerings and payment options. These improvements will be beneficial to customers by making our service easier to use and increase overall customer satisfaction.

BUSINESS CASE:
This procurement expands the fare options currently available only on the MetroRapid fleet to the entire bus fleet. This strategy was identified in Capital Metro’s Fare Strategy Roadmap as a means to provide fast, easy and equitable payment options, modern and cost-effective fare systems and faster boarding. Implementation of onboard validators will allow for all-door boarding on high-frequency routes which will reduce dwell-time, improve on-time performance as well as establish the infrastructure required for an account-based fare system that will minimize cash and allow us to simplify fares, increase fare programs and payment options. Subsequent maintenance and support of the onboard validators will be incorporated into Capital Metro’s existing contract with Bytemark Inc.

COMMITTEE RECOMMENDATION:
This item will be presented to the full board on October 28, 2019.
EXECUTIVE SUMMARY:
Capital Metro engaged the services of a fare consultant to assist in the development of a comprehensive fare strategy which established a multi-phase roadmap for the replacement of out-of-lifecycle fare systems. The board of directors was provided an update at the June 2019 meeting and the acquisition of onboard validators was identified as the next phase. The implementation of modern fare systems across the entire bus fleet will allow Capital Metro to eliminate manual fare validation processes, streamline boarding to improve on-time performance, and set the foundation for new fare programs and payment options in alignment with the adopted fare strategy.

DBE PARTICIPATION:
No DBE goal is assigned to this sole source procurement because of the proprietary nature of this project. However, the prime contractor is committed to utilizing the following DBE subcontractor:

<table>
<thead>
<tr>
<th>Sub-contractor</th>
<th>Race/Gender</th>
<th>Services/Products</th>
<th>DBE Responsive</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESP Enterprises, Inc., Houston, TX</td>
<td>Hispanic Male</td>
<td>Installation of Onboard Validators</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13%</td>
</tr>
</tbody>
</table>

PROCUREMENT:
On July 15, 2019, a Request for Proposal Sole Source was issued and advertised.

The proposal from Bytemark, Inc. was received by the due date of August 16, 2019, prior to 3:00 p.m. The proposal was reviewed in all aspects of pricing and technical approach.

The proposal from Bytemark, Inc. was determined to be the best value to the Authority, price and other factors considered. The contract is a fixed price for the Base Year.

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Year – Acquisition, Installation, Licensing, Hosting, Maintenance &amp; Support</td>
<td>$3,394,919.94</td>
</tr>
<tr>
<td>10% Contingency</td>
<td>$339,491.99</td>
</tr>
<tr>
<td>Not to Exceed Total</td>
<td>$3,734,411.93</td>
</tr>
</tbody>
</table>

RESPONSIBLE DEPARTMENT: Information Technology
RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

RESOLUTION (ID # AI-2019-1045)

Bus Onboard Validators

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need to eliminate manual fare validation processes and streamline boarding to improve on-time performance; and

WHEREAS, implementation of modern fare systems for new fare programs and payment options are in alignment with the adopted fare strategy.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract with Bytemark, Inc. to provide and install onboard validators, with a 10% contingency, in an amount not to exceed $3,734,412.

________________________
Date: ____________________

Secretary of the Board
Eric Stratton
On Board Validators

Board of Directors
October 28, 2019
Fare Strategy Roadmap

Procurement & Selection
Account based back end system
Smart cards, NFC Credit Cards
Retail Network
Board Award Winter 2020-2021

Bus Onboard Validators (ONBV)
Board Award late 2019
Target Launch Summer 2020

Ticket Vending Machines
Board Award March 2019
Launch Spring 2020
Fare Systems Consultant
Board Award March 2019

Mobile App Upgrades
Android & Apple pay
Launch Summer 2019
On Board Validators

• Currently installed on MetroRapid vehicles
• Allows for validation of pre-purchased passes, including mobile
• Facilitates faster boarding and rear door boarding
• Minimizes driver involvement in fare collection
• Gets us ready for customer account-based system expanding fare programs for partner IDs and fare capping
THANK YOU!
TITLE: Pickup Service Update
Pickup

Chad Ballentine
Vice President, Demand Response and Innovative Mobility
Pickup
Capital Metro staff reached at least 970 individuals through a variety of methods including:

- Public Engagement meetings
- Surveys
- Neighborhood associations
- Non-profits
- Connecting with riders at rail/bus stops
Pickup
Community Engagement

• 14,000+ mailers sent directly to residents and commercial locations in each zone
• News stories – print and broadcast
Now serving 5 zones

- **Launched June 2019:**
  - Manor Zone
- **Launched August 2019:**
  - East ATX
  - Walnut Creek
  - Northeast ATX
  - Exposition
- **Growing ridership**

---

![Pickup Ridership - All Zones](attachment:Pickup On-demand Service Presentation (4496 : Pickup Service Update))
Leander Launch:
November 19, 2019

• Public Outreach:
  • Leander Station
  • Neighborhood Associations
  • Council Members
  • School District
  • Bagdad Senior Center
Pickup
Measure Success

We're Making History in Transit

• Pickup Goals:
  • Increase Access
  • Expand Coverage
  • Ensure Equity
  • Innovate
  • Financial Sustainability
  • Environmental Sustainability
Develop & Establish Evaluation Framework

- Performance Measurements
- Zone Typologies
- Evaluate Zones for 6 Months then finalize zone metrics
- Draft Service Standards & Guidelines
  - Board Review Spring/Summer 2020
TITLE: Diversity Report
Diversity and Inclusion Link to Strategic Plan

- **High Quality Customer Experience**
  - Connections to diverse customers

- **Engaged Workforce**
  - Demonstrates the value of workforce diversity

- **Sustainability**
  - Contributes to innovation and success

- **Valued Community Partner**
  - Engagement with the diverse community groups
Diversity and Inclusion Program

• More than regulatory Embraced as value

• Starting from position of strength:
  • Workforce Diversity
  • Vendor Diversity
  • Cultural Diversity Awareness
  • Recognition of Customer Diversity
  • Community Engagement
Diversity and Inclusion Program

INTERNAL ELEMENTS
- Recruitment, development, advancement
- Training and education
- Communication
- Workforce diversity
- EEO
- Benefits, work-life, flexibility

EXTERNAL ELEMENTS
- Vendor diversity
- Community Engagement
- Government Relations
- Service Design
- Communications
- Title VI

BRIDGING
- Assessment, Measurement, Research
- D&I Communications

FOUNDATION
- Vision and Strategy
- Guiding Principles
- Executive Leadership support
Diversity and Inclusion Timeline and Plan

- **OCTOBER 2019**: GETTING STARTED
  - EEO PROGRAM
  - DIVERSE WORKFORCE
  - EEO TRAINING
  - DBE/SBE PROGRAMS

- **DECEMBER 2019**: BUILDING MOMENTUM
  - ASSESSMENT
  - VISION DEVELOPMENT
  - CREATE IMPLEMENTATION PLAN

- **FEBRUARY 2020**: DIVERSITY TRAINING

- **MARCH 2020**: UPDATE EEO PLAN

- **JANUARY 2021**: ESTABLISHED PRACTICE
  - METRICS FOR MEASURING SUCCESS
  - MULTIPLE D&I INITIATIVES
  - UPDATE TITLE VI PROGRAM

- **2021 AND ONWARDS**: LEADING EDGE
  - D & I IMBEDDED IN CULTURE
Workforce Diversity Overview

- Capital Metro and Service Providers overall are more diverse than current workforce availability in all minority groups
- Capital Metro female representation is similar to current workforce availability
- Service Provider workforce female representation under current workforce availability
Overall Diversity Report
CMTA, Service Providers and Austin

Gender

Race

- Capital Metro Family (includes Service Providers)
- CMTA Only
- Service Provider
- Austin

# of CMTA Employees: 301
# of Service Provider Employees: 1,684
Total Workforce: 1,985
New Hire Demographics
Capital Metro Fiscal Year 2019

New Hires by Race
- Asian: 41%
- African American: 30%
- Hispanic: 24%
- White: 5%

Total New Hires: 37

New Hires by Gender
- Male: 51%
- Females: 49%

Attachment: Diversity Report October Board (4496: Diversity Report)
Promotion Demographics
Capital Metro Fiscal Year 2019

Promotions by Race
- American Indian: 25%
- Hispanic: 26%
- African American: 4%
- Two or more: 6%
- Asian: 36%
- White: 4%

Promotions by Gender
- Male: 42%
- Female: 58%

Total Promotions and Reclassifications: 53
Vendor Diversity: Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) Programs

**DBEs**
- Minority or woman-owned
- Certified via TxDOT
- Goals placed on federally funded projects
- Qualified owners’ personal net worth must be less than $1.32 million

**SBEs**
- Independent and for profit
- Must be a U.S. Citizen or lawfully admitted permanent resident
- Certified by Commodity Codes

**Race & gender neutral**
- Certified locally/regionally/out-of-state
- Goals placed on locally funded projects
- Annual gross receipts not to exceed SBA size standards
## FY 2019 Vendor Diversity Outreach

<table>
<thead>
<tr>
<th>Events</th>
<th>Businesses Participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Metro &amp; Austin Community College Small and Disadvantaged Business Networking Events</td>
<td>153</td>
</tr>
<tr>
<td>Central Texas Small Business Networking Event</td>
<td>186</td>
</tr>
<tr>
<td>Women’s Business Council – Southwest’s Winning the Bid: A Corporate Roundtable Event</td>
<td>48</td>
</tr>
</tbody>
</table>
Vendor Diversity: DBE and SBE Contractor Commitments

African American: 1,567% increase
Hispanic: 58% increase
Asian: 34% increase
Non-Minority: 147% increase

Based on contracts awarded in each year.
Vendor Diversity: Payments to DBE and SBE Contractors

- **African American**: 215% increase
- **Hispanic**: 14% increase
- **Asian**: 18% increase
- **Native American**: 38% increase
- **Non-Minority**: 14% increase

*FY 2018 vs FY 2019*
Next Steps

• Begin development of Diversity and Inclusion Program
• Provide plan summary to board in early calendar year 2020
• Annual Diversity and Inclusion Program updates
Capital Metro Diversity Report (Attachment)

October 2019
Overall Diversity Report
CMTA, Service Providers and Austin

Gender

Race

# of CMTA Employees-301
# of Service Provider Employees-1,684
Total Workforce 1,985
Officials and Administrators
President, EVP, VP, Directors, Managers and Supervisors

Male: Capital Metro: 53%, Service Provider: 63%, Austin (Available): 77%
Female: Capital Metro: 47%, Service Provider: 23%, Austin (Available): 37%

Race/Ethnicity:
- Two or More: Capital Metro: 1%, Service Provider: 3%, Austin (Available): 2%
- Native Hawaiian: Capital Metro: 0%, Service Provider: 0%, Austin (Available): 0%
- American Indian: Capital Metro: 0%, Service Provider: 0%, Austin (Available): 0%
- Asian Pacific Islander: Capital Metro: 4%, Service Provider: 3%, Austin (Available): 3%
- Hispanic: Capital Metro: 16%, Service Provider: 18%, Austin (Available): 28%
- African American: Capital Metro: 3%, Service Provider: 15%, Austin (Available): 39%
- White: Capital Metro: 63%, Service Provider: 30%, Austin (Available): 63%

# of Capital Metro Employees: 68
# of Service Provider Employees: 69

Professionals/Paraprofessional

Accountants, IT Administrators, Business Systems Analyst, Communication Specialist, Contract Administrators, Coordinators, Data Analyst, HR Generalists, Planners, Buyers, Community Engagement Specialist, Legal Coordinators, QA Specialist, Inventory Specialists, and other similar jobs.

[Bar chart showing gender distribution among professionals/paraprofessionals in Capital Metro, Service Provider, and Austin (Available).]

[Pie chart showing the distribution of employees by race/ethnicity in Capital Metro, Service Provider, and Austin (Available).]

# of CMTA Employees: 122
# of Service Provider Employees: 19

Packet Pg. 182
Technicians
Web Developer, Equipment Engineer, Network Administrator I, Maintenance Technicians, System Support Specialist, Mobile Technology Technicians, and other similar jobs.

Two or More: 2%
Native Hawaiian: 0%
American Indian: 0%
Asian Pacific Islander: 0%
Hispanic: 4% 15% 28% 40%
African American: 0% 4% 25% 40%
White: 0% 20% 25% 60% 70%

Male: 100% 83% 79%
Female: 0% 17% 21%

Capital Metro | Service Provider | Austin (Available)

# of CMTA Employees: 5
# of Service Provider Employees: 34
Administrative Support
Accounts Payable/Receivable Specialist, Customer Service Reps, Administrative Assistants, Fare Inspectors, Support Specialist, and other similar jobs.

- Male: Capital Metro 32%, Service Provider 48%, Austin (Available) 32%
- Female: Capital Metro 68%, Service Provider 52%, Austin (Available) 68%

Ethnicity Distribution:
- White: Capital Metro 25%, Service Provider 26%, Austin (Available) 32%
- African American: Capital Metro 5%, Service Provider 26%, Austin (Available) 46%
- Hispanic: Capital Metro 25%, Service Provider 31%, Austin (Available) 38%
- American Indian: Capital Metro 1%, Service Provider 1%, Austin (Available) 1%
- Native Hawaiian: Capital Metro 2%, Service Provider 2%, Austin (Available) 2%
- Asian Pacific Islander: Capital Metro 2%, Service Provider 2%, Austin (Available) 2%
- Two or More: Capital Metro 2%, Service Provider 2%, Austin (Available) 2%

# of CMTA Employees: 93
# of Service Provider Employees: 81
Service Maintenance
Facility Installers, Mechanics, Service Island, Building Maintenance

- Male:
  - Capital Metro: 92%
  - Service Provider: 95%
  - Austin (Available): 96%
- Female:
  - Capital Metro: 8%
  - Service Provider: 5%
  - Austin (Available): 4%

- Race:
  - White: 53%
  - African American: 15%
  - Hispanic: 31%
  - Two or More: 1%

# of CMTA Employees: 13
# of Service Provider Employees: 196

Operatives
Bus Operators, Sedan Drivers, Van Drivers, and other similar jobs.

[Bar chart showing gender distribution with percentages for male and female, including Service Provider and Austin (Available)]

[Bar chart showing race distribution with percentages for White, African American, Hispanic, Asian Pacific Islander, American Indian, Native Hawaiian, and Two or More, excluding American Indian and Native Hawaiian]

# of CMTA Employees: 0
# of Service Provider Employees: 1,280
Protective Service Workers
Temporary Part-time Security Officers (APD)

- Male:
  - Capital Metro: 92%
  - Austin APD*: 90%
- Female:
  - Capital Metro: 8%
  - Austin APD*: 10%

*City of Austin APD Workforce as of June 2018

# of CMTA Employees: 158

- White: 57% (Capital Metro), 68% (Austin APD*)
- Hispanic: 23% (Capital Metro), 20% (Austin APD*)
- African American: 8% (Capital Metro), 18% (Austin APD*)
- Native Hawaiian:
  - Capital Metro: 0%
  - Austin APD*: 0%
- American Indian:
  - Capital Metro: 0%
  - Austin APD*: 0%
- Asian Pacific Islander:
  - Capital Metro: 0%
  - Austin APD*: 0%
- Two or More:
  - Capital Metro: 0%
  - Austin APD*: 2%
Overall Comparison 2018 to 2019

Total Staff 2018  1,843
Total Staff 2019  1,985

FY 2018 and 2019 DBE Contractual Commitments

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 DBE</th>
<th>2019 DBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>Non-Minority</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Asian</td>
<td>0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Commitments values:
- 1% 0% $0
- 4% 10% $2,000,000
- 11% 2% $4,000,000
- 10% 3% $6,000,000
- 10% 3% $8,000,000
- 10% 3% $10,000,000
- 10% 3% $12,000,000
- 10% 3% $14,000,000
FY 2018 and 2019 SBE Contractual Commitments