FINANCE & AUDIT COMMITTEE MEETING

MONDAY, SEPTEMBER 19, 2022, 3:30 P.M.  801 GROVE STREET
Fort Worth, Texas 76102

Committee Members:  Nick Genua – Chair, Michael Crain, Charles Edmonds, Ben Robertson, Paul Slechta

Staff Support:  Fred Crosley

CALL TO ORDER  Nick Genua

UPDATES
1. Balance Sheet  Fred Crosley
2. Statement of Revenue & Expenses  Fred Crosley
3. Notes to Financials  Fred Crosley

ACTION ITEMS
1. BA2022-54 Magnetic Transit Fare Media Tickets Contract Modification  Detra Whitmore
2. BA2022-55 Magnetic Transit Fare Media Tickets  Detra Whitmore
3. BA2022-62 Approval of the FY2023 Operating and Capital Budgets  Fred Crosley
4. BA2022-52 Approval of the General Financial Standards  Fred Crosley
5. BA2022-58 Security Broker/Dealers Authorization  Fred Crosley
6. BA2022-59 Delegated Banking and Investment Authorization  Fred Crosley

RESOLUTION
1. R2022-04 Adoption of Investment Policy Resolution  Fred Crosley

OTHER BUSINESS

EXECUTIVE SESSION
The Finance and Audit Committee may convene in Executive Session under the Texas Open Meetings Act for the consultation with its Attorney pursuant to Section 551.071; deliberation regarding real property pursuant to Section 551.072; deliberation regarding prospective gift pursuant to Section 551.073; deliberation regarding personnel matters pursuant to Section 551.074; deliberation regarding security devices pursuant to Section 551.076 and/or deliberations regarding economic development negotiations pursuant to Section 551.087.

1. BA2022-61 Master Developer Services for T&P Station  Chad Edwards

NEXT MEETING  MONDAY, OCTOBER 17, 2022
CHECK WEBSITE FOR DETAILS

ADJOURN

This facility is wheelchair accessible.
For accommodations for hearing or sight interpretive services, please contact Kelli Shields 48 hours in advance at 817.215.8972.

TRINITY METRO
As of July 31, 2022 (Unaudited)

**CURRENT ASSETS**
- Cash restricted for Operations: $5,122,392
- Cash restricted for Rail Vehicles: 638,542
- Unrestricted cash and cash equivalents: 17,347,449
- Receivables: 27,748,820
- Inventory: 8,713,438
- Prepaid: 3,707,092

**Total Current Assets**: 63,277,733

**FIXED ASSETS**
- Construction in Progress: 20,572,110
- Land: 157,188,800
- Buildings: 152,275,513
- Building Improvements: 10,590,335
- Machinery and Equipment: 380,949,398
- Improvements other than Buildings: 771,528,024
- Intangible Assets: 18,897,291

**Total Fixed Assets**: 1,126,666,358

**TOTAL ASSETS**: $1,189,944,091

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**
- Accounts Payable and Accrued Liabilities: $15,655,817
- Payroll Liabilities: 2,213,006
- Unearned Revenue (Note 13): 27,604,298
- Current portion of LT Due Grapevine: 164,299

**Total Current Liabilities**: 45,637,420

**LONG TERM LIABILITIES**
- Long Term Payable to City of Grapevine: 3,263,751

**Total Long Term Liabilities**: 3,263,751

**TOTAL LIABILITIES**: $48,901,171

**NET POSITION**
- Net Investment in Capital Assets: $1,107,455,517
- Operating Reserve: 5,122,392
- Escrow Reserve: 2,000,000
- Unrestricted: 26,465,011

**TOTAL NET POSITION**: $1,141,042,920
## Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fares</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi Modal Fares</td>
<td>$3,817,494</td>
<td>$3,199,496</td>
<td>$617,998</td>
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<tr>
<td>ACCESS Fares</td>
<td>594,468</td>
<td>569,602</td>
<td>24,866</td>
</tr>
<tr>
<td>Easy Ride &amp; Corporate</td>
<td>429,112</td>
<td>256,316</td>
<td>172,796</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>86,392,659</td>
<td>73,822,655</td>
<td>12,570,004</td>
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<tr>
<td>Fort Worth Bike Share</td>
<td>374,266</td>
<td>349,701</td>
<td>24,565</td>
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<tr>
<td>Advertising</td>
<td>446,250</td>
<td>445,830</td>
<td>420</td>
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<tr>
<td>Rental Income</td>
<td>488,700</td>
<td>571,151</td>
<td>(82,451)</td>
</tr>
<tr>
<td>Other (Note 3)</td>
<td>1,033,838</td>
<td>2,000,691</td>
<td>(966,853)</td>
</tr>
<tr>
<td><strong>Total Operating Revenue:</strong></td>
<td>$93,576,787</td>
<td>$81,215,442</td>
<td>$12,361,345</td>
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</tbody>
</table>

## Federal/State/Local Income:

<table>
<thead>
<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>Operating Grants</td>
<td>458,620</td>
<td>2,186,646</td>
<td>(1,728,026)</td>
</tr>
<tr>
<td>Grapevine Contribution</td>
<td>9,579,220</td>
<td>8,696,087</td>
<td>883,133</td>
</tr>
<tr>
<td>Contributions from Partners</td>
<td>1,686,810</td>
<td>1,115,754</td>
<td>571,056</td>
</tr>
<tr>
<td><strong>Total Assistance Income:</strong></td>
<td>$11,724,650</td>
<td>$11,998,487</td>
<td>(273,837)</td>
</tr>
</tbody>
</table>

## Total Revenue

<table>
<thead>
<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue:</strong></td>
<td>$105,301,437</td>
<td>$93,213,929</td>
<td>$12,087,508</td>
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</table>

## Operating Expenses

### Fixed Route Operations

<table>
<thead>
<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td>23,687,344</td>
<td>22,341,275</td>
<td>$1,346,069</td>
</tr>
<tr>
<td>Services</td>
<td>701,726</td>
<td>650,137</td>
<td>51,589</td>
</tr>
<tr>
<td>Purchased Transportation</td>
<td>2,567,838</td>
<td>3,454,897</td>
<td>(887,059)</td>
</tr>
<tr>
<td>Other</td>
<td>3,812,842</td>
<td>3,335,605</td>
<td>477,237</td>
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<tr>
<td><strong>Total Fixed Route Operations:</strong></td>
<td>$30,769,750</td>
<td>$29,781,914</td>
<td>$987,836</td>
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### ACCESS Operations

<table>
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<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td>4,720,086</td>
<td>4,883,347</td>
<td>(163,261)</td>
</tr>
<tr>
<td>Services</td>
<td>3,362,963</td>
<td>3,528,801</td>
<td>(165,838)</td>
</tr>
<tr>
<td>Other</td>
<td>929,305</td>
<td>619,870</td>
<td>309,435</td>
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<tr>
<td><strong>Total ACCESS Operations:</strong></td>
<td>$9,012,354</td>
<td>$9,032,018</td>
<td>(19,664)</td>
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### TRE Operations

<table>
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<tr>
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<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td>67,759</td>
<td>75,697</td>
<td>(7,938)</td>
</tr>
<tr>
<td>Services</td>
<td>12,682,465</td>
<td>13,747,547</td>
<td>(1,065,082)</td>
</tr>
<tr>
<td>Other</td>
<td>5,219</td>
<td>0</td>
<td>5,219</td>
</tr>
<tr>
<td><strong>Total TRE Operations:</strong></td>
<td>$12,755,443</td>
<td>$13,823,244</td>
<td>(1,067,801)</td>
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</table>

### TEXRail Operations

<table>
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<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td>340,863</td>
<td>331,093</td>
<td>9,770</td>
</tr>
<tr>
<td>Services</td>
<td>16,349,364</td>
<td>16,286,290</td>
<td>63,074</td>
</tr>
<tr>
<td>Other</td>
<td>4,995,177</td>
<td>8,199,845</td>
<td>(3,204,668)</td>
</tr>
<tr>
<td><strong>Total TEXRail Operations:</strong></td>
<td>$21,685,404</td>
<td>$24,817,228</td>
<td>(3,131,824)</td>
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</table>

### Bike Share Operations

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<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td>297,140</td>
<td>287,663</td>
<td>9,477</td>
</tr>
<tr>
<td>Services</td>
<td>68,919</td>
<td>112,340</td>
<td>(43,421)</td>
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<tr>
<td>Other</td>
<td>151,029</td>
<td>123,825</td>
<td>27,204</td>
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<tr>
<td><strong>Total Bike Share Operations:</strong></td>
<td>$517,088</td>
<td>$523,828</td>
<td>(6,740)</td>
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</table>

### General & Administrative

<table>
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<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages &amp; Fringe Benefits</td>
<td>11,426,617</td>
<td>12,355,518</td>
<td>(928,901)</td>
</tr>
<tr>
<td>Other Professional Services</td>
<td>5,802,458</td>
<td>7,783,709</td>
<td>(1,981,251)</td>
</tr>
<tr>
<td>Vehicle &amp; Facilities Maintenance</td>
<td>1,986,609</td>
<td>2,488,254</td>
<td>(501,645)</td>
</tr>
<tr>
<td>Software/Systems Maintenance</td>
<td>1,905,703</td>
<td>2,414,013</td>
<td>(508,310)</td>
</tr>
<tr>
<td>Other General &amp; Administrative</td>
<td>3,040,991</td>
<td>3,322,376</td>
<td>(281,385)</td>
</tr>
<tr>
<td><strong>Total General &amp; Administrative:</strong></td>
<td>$24,162,378</td>
<td>$28,363,870</td>
<td>(4,201,492)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating Expenses:</strong></td>
<td>$98,902,417</td>
<td>$106,342,102</td>
<td>($7,439,685)</td>
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</tbody>
</table>

### Operating Income / (Deficit)

<table>
<thead>
<tr>
<th></th>
<th>Actual 2022</th>
<th>Budget 2022</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Grants</td>
<td>6,294,638</td>
<td>50,271,924</td>
<td>(43,977,286)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>107,770</td>
<td>38,330</td>
<td>69,440</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(41,389,401)</td>
<td>(41,650,000)</td>
<td>260,599</td>
</tr>
<tr>
<td><strong>Net Income / (Deficit):</strong></td>
<td>$(28,587,973)</td>
<td>$(4,467,919)</td>
<td>$(24,120,056)</td>
</tr>
</tbody>
</table>
Note 1  Multi Modal Fares
13.7% less ridership to budget and a $0.29 increase in average price to budget due to difference in which fares were reduced versus what was anticipated in the budget.

Note 2  Sales Tax
$ 79,340  Actual collections through May.
$ 7,053  Accrual estimate for June.
18.1% YTD increase over the prior year’s collections.

Note 3  Other Revenue - Other
$ (141)  Due to timing of revenue recognition for the COFW contribution to the Near Southside ZIPZONE.
$ (250)  Due to no longer anticipating to implement a ZIPZONE service in the city of Southlake so we would not collect any contributions from the City as anticipated in the budget.
$ (250)  Due to no longer anticipating receiving support for the Mercantile ZIPZONE service.

Note 4  Operating Assistance Grants, Preventative Maintenance Reimb., Paratransit Assistance
$ (1,291)  ARP Act revenues were received in the prior year causing the variance with budget.

Note 5  Fixed Route Operations - Salaries & Fringe Benefits
$ (500)  Bargaining Unit wage increase.
$ (333)  Overtime wage premium.
$ (450)  Short-term disability and workers compensation.

Note 6  Fixed Route Operations - Purchased Transportation
Substantially due to the activities of all ZIPZONES and contracted costs for Route 30 and 31.

Note 7  TRE Operations - Services
Substantially due to savings in property and liability insurance.

Note 8  TEXRail Rail Operations - Other
Insurance costs related to the contract with FW&W have not been incurred which accounted for a majority of the variance with budget to date. We no longer anticipate this policy will be implemented. The remainder of the variance is largely due to savings in the rail liability policy for TEXRail.

Note 9  General & Administrative - Salaries, Wages & Fringe Benefits
Substantially due to a large number of open positions.

Note 10  General & Administrative - Other Professional Services
Substantially due to savings in security services due to worker shortages and retirement plan account forfeitures.

Note 11  General & Administrative - Other General & Administrative
Substantially due to savings in estimated use of general legal services and supplies for PPE and hand sanitizer.

Note 12  Capital Grants
$ (16,400)  Buses for the High Intensity Bus corridor are now anticipated to be received in FY24. The grant revenue will be received once the expenditures are incurred.
$ (16,300)  Due to delays in revenue vehicle replacements which are now anticipated to be received in FY23 and FY24. The grant revenue will be received once the expenditures are incurred.
$ (12,600)  Due to the new funding agreement for Trinity Lake States. Since the project will now be fully funded the TIP will need to be updated. Reimbursements are anticipated to occur in FY23.

Note 13  Unearned Revenue
DART agreement for DFWIA access makes up $26.1 MM of this total in unearned revenue.
FINANCE & AUDIT COMMITTEE
ACTION ITEM

Item Number: BA2022-54
Meeting Date: September 19, 2022
Item Title: Magnetic Transit Fare Media Tickets Contract Modification

BACKGROUND
Trinity Metro provides fare media tickets to its customers for fare payments that are utilized on bus, rail, and paratransit services through GFI FastFare payment system and the ticket vending machines on the rail stations. In August 2017, Trinity Metro’s Board of Directors approved BA2017-86, which authorized execution of a magnetic transit fare media ticket Contract No. 17-047 with Electronic Data Magnetics (EDM), Inc.

During the contract period in 2020, Trinity Metro introduced the Limited Use Contactless Card as another fare media ticket for its customers. This type of media is sold in the ticket vending machines and is another way to improve the customers’ experience, by an easy tap and go when boarding the bus.

During July and August of this year, due to extreme summer triple degree temperatures for an extended period of time, several types of fare media tickets began warping and adhering together, causing ticket jams in the ticket vending machines and other fare collection systems throughout our transit system affecting the customer’s experience as well as depleting the planned volume of tickets available for sell.

Trinity Metro was able to work with its current contractor to expedite replacement tickets. In order to close out the contract and process the final contract payments, a change order to the contract in the amount of $36,436.81 is required.

PROCUREMENT
Per Trinity Metro’s Procurement Policy, the Change Monitoring Committee has reviewed and approved the recommendation to modify the contract.

FINANCING
Funds are included in Trinity Metro’s FY2022 Operating Budget through the permitted reassignment of approved funding levels from timing differences or project cost variations for operating expenditures. Consequently, approval of this Action Item will not result in a net modification of funding levels for operating expenditures in FY2022.

RECOMMENDATION
The Finance & Audit Committee recommends that the Trinity Metro’s Board of Directors authorize the President & Chief Executive Officer to execute a contract modification with EDM for additional pre-printed fare media tickets in the amount of $36,436.81 for a total amount not to exceed $286,438.81.

STAFF DISPOSITION

EXECUTIVE LEADER APPROVAL ___________________________ DATE ___________________________
DISPOSITION BY BOARD OF DIRECTORS

__________________________________________  ___________________________
SECRETARY APPROVAL                        DATE
FINANCE & AUDIT COMMITTEE

ACTION ITEM

Item Number: BA2022-55  Meeting Date: September 19, 2022
Item Title: Magnetic Transit Fare Media Tickets

BACKGROUND
Trinity Metro provides fare media tickets to its customers for fare payments that are utilized on bus, rail, and paratransit services through GFI FastFare payment system and the ticket vending machines at rail stations. We are initiating a contract to consolidate ordering tickets under contracted pricing with a single provider to maintain consistency in products, stock levels and achieve cost savings.

In accordance with Trinity Metro’s Procurement policy, Request for proposal (RFP) # 22-T061 for Magnetic Fare Media Tickets was advertised and issued on August 5, 2022. One proposal response was received from Electronic Data Magnetics (EDM), Inc.

The proposal from Electronic Data Magnetics, Inc. was reviewed and is determined to be responsive and responsible. It is the single response received for a product with a limited supplier base and is recommended, based on a determined fair and reasonable cost. Trinity Metro has procured media tickets from EDM in the past and is satisfied with its customer service and response time. To ensure the quality of the tickets, Trinity Metro will work with EDM to provide a poly-blend material that will eliminate warping and ticket jams in the fareboxes and ticket vending machines.

PROCUREMENT
Trinity Metro’s Procurement Department has followed its procurement policies and procedures with this purchase and is in compliance with all applicable Federal, State, and Trinity Metro procurement requirements.

FINANCING
Funds are available in Trinity Metro’s FY2023 operating budget to finance this project. Provisions for funding for future years will be requested in the proposed annual budgets.

RECOMMENDATION
The Finance & Audit Committee recommends that the Trinity Metro’s Board of Directors authorize the President & Chief Executive Officer to enter into a two-year contract with three one-year renewal options with Electronic Data Magnetics, Inc. for the purchase of pre-printed fare media tickets and related fare media items, in the amount of $350,000 plus a 10% ($35,000) contingency for a total amount not to exceed $385,000.

STAFF DISPOSITION

EXECUTIVE LEADER APPROVAL

DATE

DISPOSITION BY BOARD OF DIRECTORS

TRINITY METRO™
FINANCE AND AUDIT COMMITTEE
ACTION ITEM

Item Number: BA2022-62  Meeting Date: September 19, 2022
Item Title: Approval of the FY2023 Operating and Capital
Budgets

BACKGROUND
The preliminary FY2023 Operating and Capital budgets were presented at the Finance & Audit Committee meeting held on August 15, 2022. During the meeting the budgets were discussed in detail and reviewed. Preliminary approval was given at the August 22, 2022 Board meeting. The preliminary budgets were made available to member city mayors and city council members for comment.

Changes made to the preliminary Operating budget included a month hiatus on fare revenue collections, an increase in anticipated sales tax receipts to conform with recent revisions from the member cities, a decrease in build grant receipts due to the assigned reimbursement of costs utilizing grant funds, a change in the provider of ZipZone services for Alliance area, increases in training budgets from the prior suspension of activities due to the pandemic, and salary study adjustments.

Changes made to the Capital budget were projects related to replacing the 4th street warehouse roof and needed rekeying of facilities.

RECOMMENDATION
We request that the Finance and Audit Committee recommend the FY2023 Operating and Capital Budgets attached to the Board of Directors for Adoption.

STAFF DISPOSITION

EXECUTIVE LEADER APPROVAL  DATE

DISPOSITION BY BOARD OF DIRECTORS

SECRETARY APPROVAL  DATE
Trinity Metro
Fiscal 2023 Operating Budget
($ millions, rounding not corrected)

<table>
<thead>
<tr>
<th>FY2023 Budget</th>
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</thead>
<tbody>
<tr>
<td>Fare Revenue</td>
<td>$ 8,247</td>
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<tr>
<td><strong>Other Revenue</strong></td>
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<tr>
<td>Sales Tax</td>
<td>102,792</td>
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<tr>
<td>Investment Income</td>
<td>2,300</td>
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<tr>
<td>Advertising</td>
<td>550</td>
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<tr>
<td>Operating Grants</td>
<td>49,323</td>
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<tr>
<td>Capital Grants</td>
<td>74,207</td>
</tr>
<tr>
<td>Contributions from Grapevine</td>
<td>12,184</td>
</tr>
<tr>
<td>Contributions from NRH</td>
<td>2,000</td>
</tr>
<tr>
<td>Contributions from Partners</td>
<td>2,735</td>
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<tr>
<td>Miscellaneous</td>
<td>1,498</td>
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<tr>
<td>Rental Income</td>
<td>722</td>
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<tr>
<td>Fort Worth Bike Share Revenue</td>
<td>506</td>
</tr>
<tr>
<td><strong>Total Other Revenue</strong></td>
<td>248,819</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>257,065</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
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<tr>
<td>Salary and Benefits</td>
<td>52,221</td>
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<tr>
<td>Services</td>
<td>68,594</td>
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<tr>
<td>Fuels and Lubricants</td>
<td>2,608</td>
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<tr>
<td>Tires and Tubes</td>
<td>375</td>
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<tr>
<td>Maintenance Materials</td>
<td>4,120</td>
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<tr>
<td>Supplies and Materials</td>
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<tr>
<td>Utilities</td>
<td>2,268</td>
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<tr>
<td>Insurance</td>
<td>5,773</td>
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<tr>
<td>Taxes and Fees</td>
<td>44</td>
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<tr>
<td>Miscellaneous</td>
<td>1,113</td>
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<tr>
<td><strong>Total Operating Expense</strong></td>
<td>138,091</td>
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<tr>
<td><strong>Net Available for Capital Expenditures and Reserves</strong></td>
<td>$ 118,974</td>
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<tr>
<td>Non-Cash Depreciation</td>
<td>$ 50,201</td>
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</table>
Trinity Metro
Fiscal 2023 Capital Expenditures
($ millions, rounding not corrected)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>FY2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRE Capital Maintenance</td>
<td>$ 22,297</td>
</tr>
<tr>
<td>TEXRail Segment One</td>
<td>19,590</td>
</tr>
<tr>
<td>TRE Trinity Lakes Station</td>
<td>15,362</td>
</tr>
<tr>
<td>Facilities State of Good Repair</td>
<td>10,658</td>
</tr>
<tr>
<td>Bus Camera System Replacement</td>
<td>6,240</td>
</tr>
<tr>
<td>Bus Stop Signs, Bench, Pad, and Shelter Replacements</td>
<td>3,642</td>
</tr>
<tr>
<td>Revenue Vehicles</td>
<td>3,348</td>
</tr>
<tr>
<td>HRP Fire Alarm System Upgrade</td>
<td>2,950</td>
</tr>
<tr>
<td>Bus Seat Upgrades</td>
<td>2,535</td>
</tr>
<tr>
<td>TRE Double Tracking Handley Ederville to Precinct Line Rd.</td>
<td>2,530</td>
</tr>
<tr>
<td>Electric Bus Expansion and Infrastructure</td>
<td>1,769</td>
</tr>
<tr>
<td>Support and Staff Vehicles</td>
<td>1,620</td>
</tr>
<tr>
<td>Intelligent Transportation System</td>
<td>1,530</td>
</tr>
<tr>
<td>Server and Equipment Upgrades</td>
<td>1,452</td>
</tr>
<tr>
<td>IT Cybersecurity Projects</td>
<td>1,189</td>
</tr>
<tr>
<td>Security Video and Access Controls Upgrades</td>
<td>1,182</td>
</tr>
<tr>
<td>TEXRail Automatic Passenger Counters</td>
<td>1,100</td>
</tr>
<tr>
<td>TEXRail Segment Two</td>
<td>1,027</td>
</tr>
<tr>
<td>FW Bike Sharing Expansion</td>
<td>811</td>
</tr>
<tr>
<td>ERP Database Migrations</td>
<td>767</td>
</tr>
<tr>
<td>High Intensity Bus Corridor</td>
<td>611</td>
</tr>
<tr>
<td>Paint Booth Renovations</td>
<td>587</td>
</tr>
<tr>
<td>Equipment Purchases and Replacements</td>
<td>567</td>
</tr>
<tr>
<td>Trinity Metro GoPass App</td>
<td>563</td>
</tr>
<tr>
<td>Trinity Metro Building Rebranding</td>
<td>500</td>
</tr>
<tr>
<td>Mercantile Center Station Pedestrian Accessibility Improvements</td>
<td>478</td>
</tr>
<tr>
<td>Transit Signage Improvements and Solar Panels at Bus Stops</td>
<td>470</td>
</tr>
<tr>
<td>TRE Ticket Vending Machines Replacements</td>
<td>438</td>
</tr>
<tr>
<td>HVAC Replacements at HRP, T&amp;P, FWCS, and Pine St.</td>
<td>385</td>
</tr>
<tr>
<td>Bus Backup Batteries</td>
<td>285</td>
</tr>
<tr>
<td>TRE Grade Crossings</td>
<td>265</td>
</tr>
<tr>
<td>Fare Collection System</td>
<td>250</td>
</tr>
<tr>
<td>Modernize Underground Fuel Storage Tank Monitoring System</td>
<td>200</td>
</tr>
<tr>
<td>Bus Wi-Fi Router and GPS - Refresh</td>
<td>154</td>
</tr>
<tr>
<td>Miscellaneous Engineering and Construction</td>
<td>100</td>
</tr>
</tbody>
</table>

Total Expenditures                                                            | $ 107,451     |
Trinity Metro
Capital, Debt and Cash & Investments Projections
($ millions, rounding not corrected)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Cash from Operations</strong></td>
<td>64.5</td>
<td>79.9</td>
<td>44.1</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(31.9)</td>
<td>(39.5)</td>
<td>(107.5)</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>35.3</td>
<td>20.8</td>
<td>74.2</td>
</tr>
<tr>
<td><strong>Net Capital Expenditures</strong></td>
<td>3.4</td>
<td>(18.7)</td>
<td>(33.2)</td>
</tr>
<tr>
<td><strong>Debt &amp; Loan Repayments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(70.7)</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Cash</strong></td>
<td>(2.7)</td>
<td>61.2</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Cash &amp; Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>33.7</td>
<td>30.9</td>
<td>92.1</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$30.9</td>
<td>$92.1</td>
<td>$103.0</td>
</tr>
<tr>
<td>Reserve Requirement (1) $</td>
<td>8.1</td>
<td>8.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Reserve Difference $</td>
<td>22.8</td>
<td>83.5</td>
<td>92.5</td>
</tr>
</tbody>
</table>

(1) Cash reserve requirement established by the Board of Directors for unanticipated financial events.
FINANCE AND AUDIT COMMITTEE

ACTION ITEM

Item Number: BA2022-52
Item Title: Approval of the General Financial Standards

Meeting Date: September 19, 2022

BACKGROUND

Financial standards are a key element of sound fiscal administration. Their scope and complexity varies with the complexity of an organization’s capital and operating structure as well as environmental considerations and the needs of the Board, management and other stakeholders.

GENERAL FINANCIAL STANDARDS

The proposed General Financial Standards are:

1. The Board of Directors (“Board”) of the Fort Worth Transportation Authority (“Trinity Metro”) shall review and adopt a set of General Financial Standards periodically, but no less frequently than every five years.

2. Financial reporting shall be in accordance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) standards or as otherwise prescribed by law or regulation.

3. The fiscal year-end for financial reporting purposes shall be September 30.

4. Funds of Trinity Metro shall be invested within the Investment Policy guidelines of Board Resolution 2020-01 adopted on October 28, 2019, as revised from time to time, and in compliance with applicable State law, including Section 452.102 of the Texas Transportation Code, the Texas Public Funds Investment Act, and other applicable law and regulations.

5. An independent accounting firm shall examine at least annually Trinity Metro’s financial statements, annual single audit reporting and other financial statements or reports as otherwise required by law or regulation.

6. The Board shall receive a Preliminary Budget for the next fiscal year no later than August of each fiscal year for the upcoming fiscal year. Once accepted by the Board, the Preliminary Budget will be mailed to member cities who be given at least 30 days for comment. The Board shall adopt the Final Budget no later than September 30 of each year for the following subsequent fiscal.

7. The Board must approve amendments to the operating or capital budget after the final budget is formally adopted. The President/Chief Executive Officer shall have the authority to allocate approved amounts between departments but not to change the overall approved budgeted total expenditures for the fiscal year.

8. The Board shall annually receive a Five-Year Forecast of operating results and capital asset activity which shall include expenditures for asset replacement and expansion projects and any debt acquisition or service.

9. The Board will approve all project or capital expenditures before the amounts are committed if the total for the project or expenditure exceeds $250,000 or if subsequent revision of costs exceeds the previously approved costs.

10. Trinity Metro will maintain operating and maintenance reserve to accommodate variations in funding resources and cash requirements for operations and maintenance activities. This reserve will be equal for each annual fiscal reporting period to ten percent of the prior fiscal year’s annual sales tax revenues as recognized for financial reporting purposes.
12. The operating and maintenance reserve of Trinity Metro will be available to meet commitments if such reserves are required to meet funding needs due to variations in funding resources or cash requirements. In such event, the Board will approve the expenditure of the applicable cash reserves.

14. Trinity Metro shall maintain appropriate insurance coverages in light of the Net Position of Trinity Metro.

15. The Net Position of the Trinity Metro and, as appropriate, cash and equivalent balances will include amounts restricted by operating agreements entered into to support the activities of Trinity Metro.

16. Trinity Metro may not enter into a debt or financing agreement unless the transaction is in full compliance with the Trinity Metro’s enabling statutes, all applicable provisions of the Texas Transportation Code and other applicable laws and regulations.

17. Trinity Metro follows a pay-as-you-go governance goal wherein current fiscal year operating expenses are paid for from current year operating revenues.

RECOMMENDATION
We request that the Finance and Audit Committee recommend the General Financial Standards enumerated above to the Board of Directors for adoption.

STAFF DISPOSITION

EXECUTIVE LEADER APPROVAL DATE

DISPOSITION BY BOARD OF DIRECTORS

SECRETARY APPROVAL DATE
FINANCE AND AUDIT COMMITTEE
ACTION ITEM

Item Number: BA2022-58  Meeting Date: September 19, 2022
Item Title: Security Broker/Dealers Authorization

BACKGROUND
The Texas Public Funds Investment Act and the Fort Worth Transportation Authority’s (Trinity Metro) Investment Policy require the Board of Directors to review and adopt, at least annually, a list of qualified security broker/dealers that are authorized to engage in investment transactions with Trinity Metro. A copy of Trinity Metro’s Investment Policy will be distributed to the selected security broker/dealers. The following firms are proposed as the authorized security broker/dealers:

- FTN Financial
- Mutual Securities
- Multi-Bank Securities
- Mischler Financial Group
- Ramirez & Company
- Raymond James
- Rice Financial
- Wells Fargo Securities

These firms were selected as licensed security brokers/dealers which have experience with the investment of public funds as required under the Public Funds Investment Act. Final use of a firm for any transaction will be subject to quotes from at least three of these firms.

RECOMMENDATION
It is recommended that the Board of Directors adopt the above list of broker/dealers as authorized security dealers or brokers authorized to engage in investment transactions with Trinity Metro.

STAFF DISPOSITION

EXECUTIVE LEADER APPROVAL  DATE

DISPOSITION BY BOARD OF DIRECTORS

SECRETARY APPROVAL  DATE
FINANCE AND AUDIT COMMITTEE

ACTION ITEM

Item Number: BA2022-59  Meeting Date: September 19, 2022
Item Title: Delegated Banking and Investment Authorization

BACKGROUND
Trinity Metro’s Investment Policy, adopted by the Board of Directors, states the Vice President of Finance / Chief Financial Officer (CFO), Controller, Assistant Treasurer, and Finance/Accounting Administrator, acting under the general supervision of the President / Chief Executive Officer (CEO), are responsible for administration of Trinity Metro’s comprehensive cash management and investment program, and are designated as Trinity Metro’s Investment Officers. As a function of those responsibilities, the following persons are hereby authorized to execute all contract and other agreements necessary to establish bank and investment accounts, with the express powers granted to enter into treasury management services agreements as necessary for account transactions, including but not limited to wire and ACH transfers:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Andreski</td>
<td>President/Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>Fred Crosley</td>
<td>Vice President of Finance / CFO</td>
<td></td>
</tr>
<tr>
<td>Christopher Grenier</td>
<td>Controller/Special Projects</td>
<td></td>
</tr>
<tr>
<td>Greg Dickey</td>
<td>Assistant Treasurer</td>
<td></td>
</tr>
<tr>
<td>Renata Snipes</td>
<td>Finance/Accounting Administrator</td>
<td></td>
</tr>
</tbody>
</table>

Additionally, the Investment Policy allows the Vice President/Chief Financial Officer to delegate day-to-day administrative duties to other employees.
RECOMMENDATION
The Finance & Audit Committee recommend to Trinity Metro Board of Directors to adopt the above Delegated Bank and Investment Authorization.

STAFF DISPOSITION

_________________________________________
EXECUTIVE LEADER APPROVAL  DATE

DISPOSITION BY BOARD OF DIRECTORS

_________________________________________
SECRETARY APPROVAL  DATE
A Resolution

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
FORT WORTH TRANSPORTATION AUTHORITY
ADOPTION OF
INVESTMENT POLICY
(R2022-04)

WHEREAS, the Texas Public Funds Investment Act requires the governing body of an investing entity to adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control; and

WHEREAS, the Texas Public Funds Investment Act requires the governing body of an investing entity to review its investment policy and investment strategies not less than annually, and to 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; and

WHEREAS, the Board of Directors of Fort Worth Transportation Authority considers it necessary and prudent to comply with the above provisions of the Texas Public Funds Investment Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FORT WORTH TRANSPORTATION AUTHORITY

THAT:

1. The Investment Policy and investment strategies of Fort Worth Transportation Authority have been reviewed by the Board of Directors of the Fort Worth Transportation Authority.

2. The attached Investment Policy is hereby adopted as the Investment Policy of Fort Worth Transportation Authority.

ADOPTED

__________________________________________
Secretary
Fort Worth Transportation Authority
I, the undersigned, Secretary of the Board of Directors for Fort Worth Transportation Authority, hereby certify that the above and foregoing is a true, full and correct copy of the duly presented and adopted by the Board of Directors, at a regular session held on the 26th day of September, A.D. 2022, as same appears of record in the official Authority files.

WITNESS my hand and seal of said Authority this 26th day of September A.D. 2022.

________________________________________
Secretary, Board of Directors
Fort Worth Transportation Authority
FORT WORTH TRANSPORTATION AUTHORITY
(DBA “Trinity Metro”)

INVESTMENT POLICY

Section 1. GENERAL STATEMENT OF PURPOSE.

This Investment Policy is intended to provide guidelines for the Board of Directors and the staff regarding the investment of public funds entrusted to Trinity Metro and to set reasonable standards and limitations concerning Trinity Metro’s investment activities. This Policy is intended to satisfy statutory requirements of Chapter 452 of The Texas Transportation Code, and The Texas Public Funds Investment Act, Government Code Chapter 2256 (the “Act”).

Section 2. CASH MANAGEMENT PROGRAM.

Trinity Metro shall maintain a comprehensive cash management program to include the effective administration and collection of accounts receivable, the prompt deposit of receipts to Trinity Metro bank accounts, the timely payment of obligations, and the prudent investment of available cash in accordance with this Investment (“Policy”).

Procedures shall be developed and maintained to ensure that this Policy is observed and that timely and accurate information is available to assist in making investment decisions.

Section 3. SCOPE OF POLICY.

This Investment Policy applies to activities of Trinity Metro with regard to the investing of all operating and capital funds, including sales tax revenues. Funds will be primarily pooled for investment purposes to allow of consolidated strategy development and implementation.

This Policy does not apply to the investment of assets accrued for the purpose of funding employee retirement benefits or programs, except for those funds representing a liability for the employer's contribution to the 401(k) and 457 (b) Retirement Plans which are held temporarily in Trinity Metro’s operating account before being transferred to the plan accounts. Furthermore, this Policy does not apply to entrusted or escrowed funds, which are invested in accordance with instructions provided in contractual or escrow agreements.

Section 4. POLICY OBJECTIVES AND INVESTMENT STRATEGY.

Trinity Metro's investment strategy shall be conducted so as to accomplish the following objectives, listed in priority order:

A. Understanding of the suitability of the investment to the financial requirements of Trinity Metro. Any investment authorized by this Policy is suitable for all funds,

B. Safety. Preservation and safety of the invested principal shall be achieved by limiting issuer credit risk and maturity-related market risk. Each investment transaction will seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market value.

C. Liquidity. Trinity Metro's investment portfolio will remain sufficiently liquid to meet all operating requirements and pay obligations of Trinity Metro on or before the due date by maintaining minimum cash equivalent balances and matching investment maturities to projected cash flows.
D. **Marketability** of the investment will be considered in the risk/return analysis; in case the need arises to liquidate the investment before maturity.

E. **Diversification** of the investment portfolio, as to issuer credit and investment maturity, shall be implemented as appropriate; and

F. **Yield.** Trinity Metro's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with Trinity Metro's investment risk constraints and the cash flow characteristics of the portfolio. Weighted average yield to maturity shall be the performance measurement standard.

The following investment strategy has been designed to accomplish these objectives:

1. Trinity Metro will invest only in those securities listed as **AUTHORIZED INVESTMENTS** in Section 7 of this Policy. Any securities not listed will not be eligible investments.

2. At all times, Trinity Metro will maintain a cash position sufficient to meet daily liquidity requirements. This will be accomplished by maintaining at least 10 percent of the total portfolio in cash equivalent options, including but not limited to: financial institution deposits, local government investment pools, money market funds, and/or overnight repurchase agreements.

Section 5. RESPONSIBILITIES.

A. Board of Directors.

The Board of Directors is responsible for:

1. Adopting a Policy, which will be followed by the Investment Officers;

2. Reviewing the Policy and investment strategies not less than annually, and adopting a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the Policy and incorporated investment strategies and that the written instrument so adopted shall record any changes made to either the Policy or investment strategies;

3. Designating one or more banks to serve as the primary depository for the funds of Trinity Metro;

4. Approving the selection of banks and/or firms for the purpose of providing investment management services to Trinity Metro;

5. Reviewing investment performance on at least a quarterly basis;
6. Approving independent sources for providing investment training to Trinity Metro's Investment Officers, as required by the Public Funds Investment Act; and

7. Reviewing and adopting at least annually a list of qualified broker/dealers that are authorized to engage in investment transactions with Trinity Metro or on behalf of Trinity Metro.

B. Investment Officers.

The Chief Financial Officer/Vice President of Finance (“CFO”), Controller, Assistant Treasurer, and Finance/Accounting Administrator, acting under the general supervision of the President/Chief Executive Officer (CEO), are responsible for administration of Trinity Metro's comprehensive cash management and investment program, and are designated as Trinity Metro's Investment Officers. The CFO may delegate day-to-day administrative duties as outlined below to other employees authorized to perform investment activities for Trinity Metro, or to banks and/or firms approved by the Board of Directors to provide Trinity Metro with investment management services.

The CFO is responsible for establishing and maintaining an internal control structure. The controls shall be designed to ensure that the funds are protected from loss due to employee error, fraud, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

1. Avoidance of collusion
2. Separation of duties
3. Custodial safekeeping
4. Avoidance of physical delivery of securities
5. Clear delegation of authority, and
6. Written confirmation procedures for investment transactions and wire transfers.

In order to ensure qualified and capable investment management, the Investment Officers and other Trinity Metro employees with investment responsibilities shall be knowledgeable of laws concerning the investment of public funds, current investment practices and investment opportunities available to Trinity Metro. The Investment Officers shall attend investment training: first, within 10 months after taking office or assuming duties, and second, on an ongoing basis, not less than once in a two-year period that begins on the
first day of the fiscal year and consists of the two consecutive fiscal years after that date, and accumulate not less than 10 hours of instruction relating to investment responsibilities for each of those requirements. The following organizations are approved as providers of this training:

- The Government Finance Officers Association;
- The Government Finance Officers Association of Texas;
- The Government Treasurers Organization of Texas;
- The North Central Texas Council of Governments;
- The Texas Municipal League; and
- The Treasury Management Association.

C. Ethics and Conflicts of Interest

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

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

Section 6. DUTIES OF THE INVESTMENT OFFICERS.

Duties of the Investment Officers shall include the following:

1. Maintain current information as to available cash balances in Trinity Metro bank accounts, and as to the amount of idle cash available for investment;

2. Develop and maintain cash flow projections to allow for the prudent investment of idle funds;

3. Make investments in accordance with this Policy, including investing and reinvesting funds of Trinity Metro and providing for money to be withdrawn from appropriate accounts for the purpose of making investments;
4. Maintain current information as to investment transactions;

5. Ensure that all investments are adequately secured, that safekeeping receipts are held by Trinity Metro in accordance with this Policy, and ensure that other requirements placed on financial institutions and broker/dealers by this Policy are observed;

6. Not less than quarterly, prepare and submit to the Board of Directors and the President / Chief Executive Officer a written report of investment transactions for all funds covered by this Policy for the preceding reporting period;

7. Not less than annually, submit the Investment Policy to the Board of Directors for review, along with recommended amendments to ensure that all legal requirements are satisfied and that the Policy reflects current investment practices;

8. Not less than annually, submit to the Board of Directors for review and approval a list of qualified broker/dealers authorized to engage in investment transactions with Trinity Metro; and

9. Supervise and approve the substitution of securities pledged to secure Trinity Metro’s deposits.

Section 7. AUTHORIZED INVESTMENTS.

The following investments are authorized under this section:

A. Obligations of, or guaranteed by governmental entities.

1. Obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

2. Obligations of the State of Texas 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, the State of Texas 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; and
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.

B. Certificates of deposit, and other forms of deposit, placed in compliance with the Act

C. Fully collateralized repurchase agreements if the repurchase agreement:
   1. has a defined termination date;
   2. is secured by cash and/or obligations described in Section 7(A) above;
   3. requires the securities being purchased to be pledged to Trinity Metro, held in Trinity Metro's account, and deposited at the time the investment is made with Trinity Metro or with a third party selected and approved by Trinity Metro;
   4. is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas, and
   5. complies with other provisions of this Investment Policy regarding repurchase agreements (see Section 9-C).

D. Mutual funds.
   1. A no-load money market mutual fund is an authorized investment if the mutual fund:
      (A) is registered with and regulated by the Securities and Exchange Commission;
      (B) provides a prospectus and other information required by the Securities Exchange Act of 1934;
      (C) has a dollar-weighted average stated maturity in compliance with Securities and Exchange Commission regulation;
      (D) includes in its investment objectives the maintenance of a stable net asset value of $1.00 for each share; and
      (E) is rated no lower than AAAm or an equivalent rating by at least one nationally recognized rating service.

E. Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the
Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) seek to maintain a $1.00 net asset value.

Section 8. QUALIFYING INSTITUTIONS.

Investments may be made with or through the following institutions:

A. Federally insured depository institutions that have a main office or a branch office in Texas;

B. Brokers or security dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York, also known as the "primary government securities dealers;" or

C. Firms approved by the Board of Directors.

Trinity Metro shall evaluate the soundness of a financial institution, broker/dealer to the extent considered necessary by the Investment Officers, before entering into an investment transaction. Such an evaluation may include review of rating agency reports, and analysis of management, profitability, capitalization, and asset quality. Financial institutions, broker/dealers wishing to do business with Trinity Metro shall provide requested financial and performance information.

A written copy of Trinity Metro's Investment Policy shall be provided to any person offering to engage in an investment transaction with Trinity Metro.

A qualified representative of the local government investment pool or discretionary investment management firm (i.e. business organization), if any, shall execute a written instrument in a form acceptable to Trinity Metro's Investment Officers and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the Investment Policy; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between Trinity Metro and the organization that are not authorized by Trinity Metro's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of Trinity Metro's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The Investment Officers of Trinity Metro may not acquire or otherwise obtain any authorized investment described in Trinity Metro's Investment Policy from a business organization who has not delivered to Trinity Metro the instrument required.
At least annually, the Board of Directors shall review and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with Trinity Metro.

Section 9. COLLATERALIZATION AND SAFEKEEPING.

A. Certificates of Deposit and Other Evidences of Deposit.

Trinity Metro will accept as collateral for its certificates of deposit and other evidences of deposit, not insured by the Federal Deposit Insurance Corporation, eligible obligations as defined by the Public Funds Collateral Act including marketable securities and letters of credit. Trinity Metro reserves the right to accept or reject any obligation proposed for collateral. Collateral securities must be owned outright by the pledging financial institution.

Uninsured deposits, including accrued interest, collateralized by marketable securities shall have a minimum collateral market value of: 102% for U.S. Treasury bills, notes or bonds with a remaining maturity of three (3) years or less, and 105% for the other eligible securities.

All financial institutions pledging collateral shall be required to sign a collateralization agreement. The agreement shall define Trinity Metro’s rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement has to be executed by the financial institution and Trinity Metro contemporaneously with the deposit;
- The agreement must be approved by the Board of Directors or designated committee of the financial institution and a copy of the meeting minutes must be delivered to Trinity Metro; and
- The agreement must be part of the financial institution’s “official record” continuously since its execution.

Securities pledged as collateral must be retained by a custodial bank eligible as per the Public Funds Collateral Act. Trinity Metro shall be provided the original pledge receipt on each pledged security and a monthly collateral report directly from the custodian. Trinity Metro, the pledging financial institution and the custodial bank(s) shall operate in accordance with a custodial agreement acceptable to Trinity Metro.

Trinity Metro must have confirmation from its custodial bank that collateral pledged from a financial institution is in Trinity Metro’s account before investing in certificates of deposit or other evidences of deposit at the financial institution. This confirmation may be oral, but must be followed in writing with the original safekeeping receipt provided to Trinity Metro.
An Investment Officer must approve release of collateral in writing prior to its removal from the custodial account, however substitution of similar security-type and market value will be allowed without prior approval.

Collateral shall be reviewed on at least a monthly basis by an Investment Officer and may be audited by Trinity Metro at any time during normal business hours of the custodial bank. In addition, collateral shall be audited at least annually by Trinity Metro's independent external auditors.

The financial institutions with which Trinity Metro invests and/or maintains other deposits shall provide monthly, and as requested by Trinity Metro, a listing of Trinity Metro's certificates of deposit and other deposits at the institution, and a listing of the collateral pledged to Trinity Metro marked to current market values. The listing shall include total pledged securities itemized by:

- Name, type and description of the security;
- Pledge receipt number;
- Par value;
- Current market value;
- Maturity date; and
- Moody's, Fitch or Standard & Poor's rating (if available).

Trinity Metro and the financial institution shall assume joint responsibility for ensuring that the pledged collateral is sufficient.

B. Securities.

All securities purchased by Trinity Metro shall be purchased on a "delivery versus payment" basis. That is, Trinity Metro shall authorize release of its funds only after it has received notification from the safekeeping bank that a purchased security has been received in Trinity Metro's safekeeping account. This notification may be oral, but must be followed in writing with the original safekeeping receipt provided to Trinity Metro.

C. Repurchase Agreements.

Whenever a repurchase agreement is used by Trinity Metro as an investment, the following rules shall be observed:

1. The securities underlying the repurchase agreement shall be those described under Section 7 ("Authorized Investments") of this Policy;

2. The market value of the securities shall equal or exceed the amount of money committed by Trinity Metro, and shall be "marked to market" at least weekly by the broker/dealer or financial institution with whom the repurchase agreement is executed;
3. Trinity Metro shall take delivery of the securities underlying the agreement before the release of Trinity Metro funds shall be authorized;

4. Trinity Metro shall execute a repurchase agreement, similar to the prototype agreement developed by the Public Securities Association and with supplemental provisions as recommended by the Government Finance Officers Association; and

5. Repurchase agreements shall be executed only with financial institutions doing business in Texas, any national banking association, or any government bond dealer reporting to and recognized as a primary dealer by the Federal Reserve Bank of New York.

Section 10. DIVERSIFICATION AND MATURITY.

Investments of Trinity Metro shall be diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific type of security, as appropriate. To the extent possible, the Investment Officers will attempt to match investment maturities with anticipated cash flow requirements, thereby reducing the need to sell or redeem investments prior to maturity and reducing market risk. Investments will not mature more than five (5) years from the date of purchase, and the average weighted maturity of the total investment portfolio will not exceed eighteen (18) months.

Section 11. STANDARD OF CARE.

Investments shall be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Employees of Trinity Metro who are involved in investment decisions, when acting in accordance with this Investment Policy and exercising due diligence, shall not be held personally responsible for a specific investment’s credit risk or market price changes, provided deviation from expectations is reported in a timely manner and that appropriate action is taken to control adverse developments.

Section 12. GENERAL INVESTMENT PRACTICES.

All investment decisions made by the Investment Officers shall be documented. The Investment Officers may make investments orally, but a written confirmation of each transaction shall follow promptly with a copy of such confirmation retained in the files.

On all investment transactions which do not fall under terms of Trinity Metro's current primary depository agreement, or which are not executed pursuant to a contractual agreement for investment management services as approved by the Board of Directors, the Investment Officers shall contact at least two (2) "qualifying institutions" as described in Section 8 of this Policy, for the purpose of receiving competitive offers.
As of the end of each month, the market value of each investment security held by Trinity Metro shall be reported to Trinity Metro by the financial institution responsible for safekeeping the securities. By this method, Trinity Metro will monitor the market price of its investments.

At least quarterly, the Investment Officers shall verify the credit rating of any investment required by the Act to maintain a minimum rating. An investment does not qualify as an authorized investment during the period the investment does not have the minimum rating. Trinity Metro shall take all prudent measures that are consistent with this Investment Policy to liquidate an investment that does not have the minimum rating.

Trinity Metro is not required to liquidate investments that were authorized investments at the time of purchase.