



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

## REVISED NO.1

# AGENDA MEETING NOTICE

## BOARD OF DIRECTORS

**DATE:** Wednesday, November 4, 2020  
**TIME:** 8:30 a.m. Board of Directors Meeting  
**LOCATION:** Staples Street Center  
 602 North Staples Street, 2<sup>ND</sup> Floor Board Room • Corpus Christi, TX

### BOARD OF DIRECTORS MEETING

**EDWARD MARTINEZ (Chair)**

Michael Reeves (Vice Chair) ~ Dan Leyendecker (Secretary)  
 Lynn Allison ~ Anne Bauman ~ Patricia Dominguez ~ Anna Jimenez  
 Glenn Martin ~ Eloy Salazar ~ Philip Skrobarczyk ~ Matt Woolbright

	TOPIC	SPEAKER	EST.TIME	REFERENCE
1.	Pledge of Allegiance	E. Martinez	1 min.	-----
2.	Roll Call	D. Leyendecker	2 min.	-----
3.	Safety Briefing	M. Rendón	5 min.	-----
4.	Receipt of Conflict of Interest Affidavits	E. Martinez	2 min.	-----
5.	Opportunity for Public Comment 3 min. limit – no discussion	E. Martinez	3 min.	-----
<p><b>NOTE: DUE TO THE CURRENT CONDITIONS FOR COVID-19, WE ENCOURAGE SOCIAL DISTANCING AND REQUIRE FACIAL COVERINGS (AVAILABLE) FOR INDIVIDUALS ATTENDING THE MEETING.</b></p> <p>Public Comment may be provided in writing, limited to 1,000 characters, by using the <a href="http://www.ccrta.org/news-opportunities/agenda">Public Comment Form</a> online at <a href="http://www.ccrta.org/news-opportunities/agenda">www.ccrta.org/news-opportunities/agenda</a> or by regular mail or hand-delivery to the CCRTA at 602 N. Staples St., Corpus Christi, TX 78401, and <b>MUST</b> be submitted no later than 5 minutes after the start of a meeting in order to be provided for consideration and review at the meeting. All Public Comments submitted shall be placed into the record of the meeting.</p>				
6.	Public Hearing #2 – Regarding Adoption of the FY2021 Operating and Capital Budget	R. Saldaña	10 min.	<i>PPT</i>
7.	Discussion and Possible Action to Adopt the FY2021 Operating and Capital Budget	R. Saldaña	10 min.	<b>Pages 1-2</b> <i>PPT</i>
8.	Update on CCRTA’s Response to COVID-19	J. Cruz-Aedo	5 min.	<i>PPT</i>
9.	Discussion and Possible Action to Approve the Board of Directors Meeting Minutes of October 7, 2020	E. Martinez	3 min.	<b>Pages 1-12</b>
10.	Discussion and Possible Action to Approve the State and Federal Legislative Priorities	Jorge Cruz-Aedo Tris Castenada, Longbow Partners Barry Rhodes, Cassidy & Assoc.	5 min.	<i>PPT</i>

# REVISED NO.1

<b>11.</b>	<b>CONSENT ITEMS:</b> The following items are routine or administrative in nature and have been discussed previously by the Board or Committees. The Board has been furnished with support documentation on these items.			5 min.	<b>Pages 13-31</b>
	<ul style="list-style-type: none"> <li>a) <b>Action</b> to Approve the Fiscal 2021 Board &amp; Committee Meetings Calendar (pg.13)</li> <li>b) <b>Action</b> to Approve entering into a renegotiated five-year contract with 90 Degrees Benefit, formally known as ENTRUST, Inc. Third-Party Administrator for the CCRTA Employee Group Health, Vision, and Dental Insurance Benefits Program (pgs.14-17)</li> <li>c) <b>Action</b> to Exercise First Option Year with United Healthcare Insurance Company for Short-Term &amp; Long-Term Disability Insurance (pgs.18-19)</li> <li>d) <b>Action</b> to Accept the Investment Performance Evaluation Report on the Defined Benefit Plan a requirement of the Pension Review Board (PRB) Filing with the State (pgs.20-21)</li> <li>e) <b>Action</b> to Adopt a Resolution to Approve a Change to the Investment Policy, Designation of the Agency's Investment Advisor and Approve the List of Brokers/Dealers (pgs.22-24)</li> <li>f) <b>Action</b> to Adopt a Resolution to Recertify Designation of the Reserves from the Unrestricted Portion of the Fund Balance and the Methodologies used in determining the Funding Levels (pgs.25-26)</li> <li>g) <b>Action</b> to Approve the Fiscal Year 2021 Holidays and Service Levels (pg.27)</li> <li>h) <b>Action</b> to Award a Contract to SanUVAire, LLC for Ultraviolet Germicidal Irradiation (UVGI) kits (pgs.28-29)</li> <li>i) <b>Action</b> to Award a Contract to Zeit Energy, LLC for a CNG Defueling Station (pgs.30-31)</li> </ul>				
<b>12.</b>	<b>Presentations:</b>				
	a) September 2020 Financial Report	R. Saldaña	5 min.	<b>Pages 32-43 PPT</b> <b>Pages 44-53 PPT</b>	
	b) September Procurement Updates	R. Saldaña	5 min.		
	c) September 2020 Safety & Security Reports	M. Rendón	5 min.		
	d) September 2020 Operations Report	G. Robinson	5 min.		
<b>13.</b>	<b>CEO's Report</b>	J. Cruz-Aedo	10 min.	-----	
<b>14.</b>	<b>Board Chair's Report</b>	E. Martinez	10 min.	-----	
<b>15.</b>	<b>Adjournment</b>	E. Martinez	1 min.	-----	
<b>16.</b>	<b>Information Items:</b>			-----	
	a) Member Inquiry Forms				
	1. ADM Committee Meeting–September 23, 2020				
	2. OPS Committee Meeting–September 23, 2020				
	b) Member Inquiry Forms				
	1. Board Meeting–October 7, 2020				

**Total Estimated Time: 1 hr., 32 min.**

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On **Friday, October 23, 2020** this Notice was posted by **Dena Linnehan** at the CCRTA Staples Street Center, 602 N. Staples Street, Corpus Christi, Texas; and sent to the Nueces County and the San Patricio County Clerks for posting at their locations.

**PUBLIC NOTICE** is given that the Board may elect to go into executive session at any time during the meeting in order to discuss matters listed on the agenda, when authorized by the provisions of the Open Meetings Act, Chapter 551 of the Texas Government Code. In the event the Board elects to go into executive session regarding an agenda item, the section or sections of the Open Meetings Act authorizing the executive session will be publicly announced by the presiding officer.

In compliance with the Americans with Disabilities Act, individuals with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact the Assistant Secretary to the Board at (361) 903-3474 at least 48 hours in advance so that appropriate arrangements can be made. Información en Español: Si usted desea esta información en Español o en otro idioma, por favor llame al teléfono (361) 289-2712.

**Mission Statement**

The Regional Transportation Authority was created by the people to provide quality transportation in a responsible manner consistent with its financial resources and the diverse needs of the people. Secondly, The RTA will also act responsibly to enhance the regional economy.

**Vision Statement**

Provide an integrated system of innovative accessible and efficient public transportation services that increase access to opportunities and contribute to a healthy environment for the people in our service area.



**Subject:** Adopt the FY2021 CCRTA Operating and Capital Budgets of \$51,694,538

### **Background**

Chapter 451 of the Texas Transportation Code mandates that the Authority adopt an annual operating budget prior to the beginning of each fiscal year after making the proposed budget available publicly for at least 14 days. The required public notice period began on October 16, 2020 in order to be completed in time for the public hearing scheduled on November 4, 2020.

### **Identified Need**

A public hearing is being conducted to provide the community and stakeholders an opportunity to provide input prior to the adoption of the 2021 Operating and Capital budget. The 2021 Operating and Capital budget accounts for 311,712 hours of service covering 846 square miles and over 4 million passenger trips, maintaining 4 transfer stations, 3 park and rides and a fleet of 127 fixed and paratransit vehicle; as well as a fleet of support vehicles.

The CCRTA staff has conducted six (6) prior budget workshops detailing department line item budgets:

Budget workshop #1 was conducted on July 22, 2020. The workshop reviewed 2020 Budget Priorities, 2021 Board Priorities Review, 2021 Revenue Projections, Regional Economic Trends and 2021 Projected Revenues.

Budget workshop #2 was conducted on August 5, 2020. The workshop reviewed the following Administrative Support department budgets: MIS, Procurement, Finance and Accounting and Administration (Admin, DBE/EEO, and Budget & Capital Improvement Projects).

Budget workshop #3 was conducted on August 26, 2020. The workshop reviewed the following areas. CEO, Human Resources, Marketing & Communications and Safety & Security.

Budget workshop #4 was conducted on September 2, 2020. The workshop reviewed the following areas. Customer Service, Facilities Management, Capital Programs and Staples Street Center.

Budget workshop #5 was conducted on September 23, 2020. The workshop reviewed the following Operational areas. Transportation, Purchased Transportation, Service Development, Vehicle Maintenance and Materials Management.

Budget workshop #6 was conducted on October 28, 2020. The workshop reviewed the following areas. Debt Service, Special Projects, Sub-recipient Agreements, Street Maintenance Allocation, Depreciation, 5-Year Service Plan, 5-Year CIP, 2020 Budget Overview and 5-Year Financial Plan.

The CCRTA Management Staff will also conduct the 2021 Budget Public Hearing #1 on October 30, 2020 at 6:00pm. The Public Hearing is an overview of the 2021 Operating and Capital budget.

**Financial Impact**

The CCRTA is projecting total revenues to come in at \$51,694,538. The following are the key revenue categories:

1. Projected Sales Tax - \$35,119,095
2. Projected Grant revenue - \$10,565,271
3. Projected Fare revenue - \$1,342,668
4. Other Projected revenue - \$1,317,449
5. Transfer from Unrestricted Reserves - \$3,350,055

Projected expenses are expected to come in at \$51,694,538. With the transfer from unrestricted reserves, the CCRTA is projecting a balanced Operating and Capital budget

**Recommendation**

Staff recommends the Board of Directors adopt the proposed 2021 Operating and Capital Budget of \$51,694,538.

Respectfully Submitted,

Submitted by: Robert M. Saldaña  
Managing Director of Administration

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
WEDNESDAY, OCTOBER 7, 2020**

**Summary of Actions**

1. **Pledge of Allegiance**
2. **Roll Call**
3. **Safety Briefing**
4. **Receipt of Conflict of Interest Affidavits**
5. **Opportunity for Public Comment**
6. **Held Award Recognitions –**
  - a) **Two (2) – South West Transit Association (SWTA) Spotlight Awards for CCRTA**
  - b) **Texas Transit Association (TTA) 2020 Award Presented to CCRTA by Allen Hunter, TTA Executive Director**
7. **Heard Update on CCRTA's Response to COVID-19**
8. **Heard Update – State & Federal Legislative Reports**
  - a) **State – Longbow Partners**
  - b) **Federal – Cassidy & Associates**
9. **Heard Update – 2020 Second Quarter Investment Report**
  - a) **Patterson & Associates**
10. **Heard Update – South Teas Military Task Force Report**
11. **Heard Update – Coastal Bend Air Quality Group Quarterly Report**
12. **Action to Approve the Board of Directors Meeting Minutes of September 2, 2020**
13. **Heard Consent Items –**
  - a) **Action to Award a Contract to Dailey-Wells Communications for a Mobile Radio Feature Upgrade (pg. 8)**
  - b) **Action to Authorize Staff to release a Bundled Services RFP to solicit proposals for portfolio management services for the CCRTA Defined Benefit Plan and Trust and the 403(b) Defined Contribution Plan and Trust (pgs. 9-11)**
  - c) **Action to Issue a Request for Proposals (RFP) for a Bus and Bench Advertising Contract for three years with one two-year option (pgs.12-13)**
  - d) **Action to Authorize Issuing an Invitation for Bids (IFB) for Maintenance Uniform Rental Services (pgs.14-15)**
  - e) **Action to Exercise the Last Option Year with Evergreen Lawn and Landscape for Bus Stop Cleaning Services (pgs. 16-18)**
14. **Heard Presentations –**
  - a) **August 2020 Financial Report**
  - b) **August Procurement Update**
  - c) **August 2020 Safety & Security Report**
  - d) **August 2020 Operations Report**
15. **Heard CEO's Report**
16. **Heard Chairman's Report**
17. **Adjournment**
18. **Informational Items**

The Corpus Christi Regional Transportation Authority Board of Directors met at 8:30 a.m. in the Corpus Christi Regional Transportation Authority Staples Street Center facility located at 602 N. Staples Street, 2<sup>nd</sup> Floor Board Room, Corpus Christi, Texas.



### **Call to Order & Roll Call**

Mr. Edward Martinez, Board Chairman, called the meeting to order at 8:32 a.m., and held the Pledge of Allegiance. Ms. Dena Linnehan called Roll and stated a quorum was present.

### **Board Members Present**

Edward Martinez, Board Chair; Michael Reeves, Board Vice Chairman; Dan Leyendecker, Board Secretary; Lynn Allison, Anne Bauman, Patricia Dominguez, Anna Jimenez, Glenn Martin, Eloy Salazar, Philip Skrobarczyk and Matt Woolbright.

### **Board Members Absent**

None.

### **Staff Present**

Jorge G. Cruz-Aedo, CEO; David Chapa, Dena Linnehan, Derrick Majchszak, Sharon Montez, Rita Patrick, Mike Rendón, Gordon Robinson and Robert Saldaña.

### **Public Present**

Allen Hunter, TTA; Alan Wilson, Kresten Cook, South Texas Military Task Force; John LaRue, United CC Chamber; Gretchen Arnold, Coastal Bend Air Quality Group.

### **Public Comment**

None received. Public Comment has been made available online to the Public on the CCRTA website at the following link below. No online comments were received.

<https://www.ccrta.org/news-opportunities/agendas/>

### **Held Safety Briefing**

Mr. Mike Rendón provided safety information in the event of an emergency for the Board members and guests in the audience. He pointed out three exits to the Board of Directors room, to the back by the kitchen, my immediate right, and to the back of this boardroom. He said during an emergency you will utilize the west side door, report to the clock tower adjacent to the transfer station, Ms. Linnehan will account for the Board of Directors members, and that he will make sure everyone exits properly. Mr. Rendón also commented do not use the elevator, do not return to the building unless an 'all clear' has been given, and if we have to shelter in place, we will shelter in place in the west side of the building.

### **Action to receive Conflict of Interest Affidavits**

None received.

### **Provided Opportunity for Public Comment**

No Public Comments received.

### **Held Award Recognitions – a) Two (2) – South West Transit Association (SWTA) Spotlight Awards for CCRTA, and b) Texas Transit Association (TTA) 2020 Award Presented to CCRTA by Allen Hunter, TTA Executive Director**

Mr. Jorge G. Cruz-Aedo reported on the two spotlight awards presented by South West Transit Association (SWTA) for the southwest transit areas. He said Corpus Christi was fortunate and the CCRTA received two awards from them this year. The first one is for 'In the Spot Electronic' award for the agency's animated commercial promoting our Route 95 to Port Aransas with our signature red bus on the ferry showing the accessibility and boarding priority the route receives, and how it traverses to Aransas Pass and Ingleside for 75¢. The second one is for 'Hit the Spot Event' award



for our school spirit program on our bus stops we held earlier this year. He said the agency created bus shelters for each of the six area high schools in each of their school colors and featured either their mascot or logo. Mr. Cruz-Aedo commented we went LIVE on social media to show each of the school's bus stops with school officials and students.

He introduced Mr. Allen Hunter, Executive Director of Texas Transit Association (TTA), who reported on the background of the TTA being established in 1986 and how they represent all the transit agencies across the State of Texas of over 80 agencies. He said TTA normally holds a large celebration and luncheon with their peers when presenting their awards, yet with the pandemic this year, the TTA President, Mr. Jorge Cruz-Aedo and board members felt these awards are important enough for Mr. Hunter to travel around the state to present each of them. He commented that the transit agencies being deemed essential workers that none of the agencies as members of the TTA have closed and have been working throughout the pandemic. Today he is here to present the 'TTA Innovation' award to the CCRTA. This award is for the CCRTA and MV Transportation introduced the "SURGE" at Texas A&M University-Corpus Christi (TAMU-CC). This is the CCRTA's New Autonomous Vehicle Pilot Program on campus that is operated by MV Transportation. He said this is the first autonomous vehicle in the region and the first EZ10 Generation 3 model in service in North America. Mr. Hunter commented the SURGE brings innovation into the autonomous industry for being the first autonomous vehicle to interact with mixed traffic in a pedestrian environment while on route, and the first autonomous vehicle to provide public transportation as it interacts with the public in a transit system. He stated when the pandemic hit, information was coming out weekly, hourly, and trying to keep up with all the information being reported was very difficult. He commented systems not only across the state, but throughout the country were trying to solve some of the unique challenges we were faced with like your agency has done today with the social distancing in this boardroom.

He stated that Corpus Christi was one of the leaders in the state, and the country, in defining what the standards would look like for us as an industry in transit. He said the CCRTA became the example of what this looks like across the state for many of our agencies to follow. He presented the award and commended Mr. Cruz-Aedo and his staff for their efforts in setting this standard for the transit industry in this worldwide pandemic. The board members congratulated Mr. Cruz-Aedo and Staff and a photo shoot of him accepting the award from Mr. Hunter was performed. Chairman Martinez also thank Mr. Hunter and TTA for recognizing the CCRTA in this unique effort.

### **Heard Update on CCRTAs Response to COVID-19**

Mr. Cruz-Aedo commented this has been another busy month at a reduced level of service providing the essential rides our community needs. He said year-to-date we are operating at a 40 to 45 percent level of rides we did a year ago pre-COVID-19. This is a decrease in excess of 50 percent, and we are seeing the ridership growing a few hundred each week, yet still not the level we would like to be at around 15K. He commented the budget is reflecting the decrease and we continue to monitor our ridership and collection on a daily basis to determine the hours we need to operate, and are hands-on with our routes to ensure we are optimizing the opportunity to provide quality rides to the community. Our Saturday ridership is 4,500 as compared to 9,700 in 2019, and Sunday ridership is 2,700 compared to 5,100 in 2019. He said our Marketing department continues to survey the community and have television commercials showcasing our cleanliness of our buses to help increase our ridership.

Mr. Cruz-Aedo provided information on the agency's dedication to cleaning and sanitizing the fleet, masks dispensed, service adjustments, signage in our buses of facial mask requirements of both operators and riders, and numerous times scheduled in cleaning the fleet and facilities. He mentioned new technology to improve the rider experience with our pilot automatic rear-facing



wheelchair securement system, Q'Straint, that allows passenger to secure their own device. An additional benefit on our system currently being installed is a new automatic passenger counter to help our workforce in less physical contact of riders. Mr. Cruz-Aedo also commented the agency is in the procurement process for the Ultraviolet Germicidal Irradiation (UVGI) kits retrofit on the fleet, in addition to staff's efforts to continue to seek any new technology to improve the safety and wellness of our riders and operators.

Mr. Cruz-Aedo stated he was extremely pleased that the CCRTA has only had 11 COVID-19 cases to-date with no positive cases since July, and no employees currently quarantined or out sick. He even said there have been no cases acquired within the workplace. Mr. Cruz-Aedo also commented that MV Transportation our contract for paratransit service, has only had 13 COVID-19 cases to-date with also no employees currently out sick or quarantined. We hosted an Appreciation Day for all employees, our 'Heroes,' as we put our employees on the front-lines every day. He said managers and directors distributed a personalized Thank You card with a \$50 H-E-B Gift Card inside a reusable bag along with a T-shirt 'Better Starts with Me', and there were box lunches available for those working to pick up as part of the celebration.

Continued efforts to help reduce the spread of COVID-19 within our community still require employees wear masks in all public workspaces, daily employee health monitoring. We maintain the PPE resources for employees, and our janitorial employees continue with the daily disinfecting and cleaning of all facilities. He said the police and security personnel continue to ensure safety for not only our employees, but also tenants and at the stations and around the buildings and facilities. We also have our customer service, paratransit and travel training personnel available. A slide was displayed to show costs to-date of \$1.6M for our investment in the workforce and community. He detailed the breakdown of these costs as of October 1, 2020.

**Heard Update – State & Federal Legislative Reports – a) State – Longbow Partners, and b) Federal – Cassidy & Associates**

Mr. Cruz-Aedo introduced the presenters for these items; Mr. Tris Castaneda of Longbow Partners, who is the agency's State consultant, and Mr. Barry Rhodes of Cassidy & Associates, in Washington, D.C. who handles the agency's Federal side.

For the State Legislative report, Mr. Castaneda said he has had the privilege of working and representing the CCRTA for almost a decade before the Texas Legislature with a lot of success. He said this is largely in part, from the ongoing communications with the Board and staff, who he works very closely with to make sure that we are keeping in mind the operational and financial impact to the organization, a larger community of the Coastal Bend area. He will be presenting a PowerPoint to provide some general context to share thoughts, tee-up some big picture issues and observations we can expect to see in the legislative session. He said it will be filled with some opportunities, challenges and threats. He will walk through some of these, go through a list of suggested issues he has identified by working closely with staff, and to get your input. Mr. Castaneda said this will be inclusive with time left for any questions.

Mr. Castaneda commented that 2020 is going to be a different year, transformative in many respects, challenge the conventions and the way we have approached legislative sessions in the past. He said the social distancing protocols like the agency is deploying with staff and your public meetings will bleed over to other political subdivisions including the state. Mr. Castaneda said there is a lot of indecisions and difference of opinions in the House and Senate, along with differing levels of caution being discussed with nothing yet being adopted. A transformative year in that 2020 will provide us a front-row seat due to the Presidential elections this year, one of the most paid attention to, contentious, election cycles we have seen in a long time. For the first time, there will be no straight



ticket voting option in the state of Texas. He mentioned the litigation pending regarding the mail-in ballots as directed by the Governor to be filed and mailed to a specific place, this is still a challenge.

Mr. Castaneda stated what we are left with is a very interesting picture from the convolution of all these things; spread of COVID-19 is going to shape how the down ballot elections will occur. Two very important highlights are; one, there is a Senate race and should it be partisan change, this will have a direct impact on the Senate's 3/5 rule, which is the number of Senators required to bring a bill to the floor, and if the seat flips as many predict, will change the rule to reflect a simple majority and he plans to monitor this closely. He commented the 2<sup>ND</sup> big highlight is there is a nine-seat difference in the House, and if the democrats win, they will keep their nine seats and the House will flip from Republican to Democrat, this will change the list of priorities, the policy approaches that are taken, how budget matters are viewed and handled. He commented when you couple this with an open Speaker's race, so the current committee assignments could or will change. He said there are friends of transit that understand the role that public transit plays, not only in economic development, but also in serving the needs of the transportation dependent, and other contributions that are made to the environment and other things. He again said they will be working closely and monitoring these items to make sure the Agency is informed how this will affect the agenda.

He continued with his presentation of slides and mentioned the next legislative session pre-filing will be on November 9, 2020 and end May 31, 2021, or 140-day (and nights) session that begins January 12, 2021. He said this will be a redistricting year during session, and the census numbers have not been received and if they don't come in until late April-May, this will put pressure to hold a Special Session. He said on the agency's budget, Mr. Cruz-Aedo shared with him the impact COVID-19 has on the ridership. State revenues same thing. Mr. Castaneda said they have not been keep pace with sales tax, alcohol/beverage tax, there is no hotel/motel taxes, as numerous revenue streams being adversely affected. He did say that the only legislative thing that must be done constitutionally, is pass a budget, and the most likely thing we will see is a budget falling into the category of a Special Session. He continued to report how he organizes their agenda into three basic categories; initiatives, endorsements, defensive or preservation matters. He said the initiatives being the most important they do when prioritizing our legislative program and we ask is it CCRTA-specific, is it going to affect us directly, will we be disproportionately impacted. If the answers are yes to those, then is our involvement critical to the success or failure of the initiative.

Mr. Castaneda presented a slide with 5 possible initiatives, another slide with 5 possible endorsements and a slide showing the preservation of the agency. He also presented a slide to show general timeline to review with the agency the 2021 Legislative Program and set a date once finalized to share or solicit feedback prior to adoption sometime late November 2020. Also to identify a Transit Day at the Capitol in early February 2021, a Delegation Dinner during the 2021 Legislative Session in Austin, Texas, and engage the Board and Executive Management in support of the adopted CCRTA Legislative Program, January 2021 through June 2021.

For the Federal Legislative report, Mr. Rhodes introduced both himself and Ms. Jen Adler and commented it is an honor to be presenting to our Board members as this is their first time, and wished it wasn't virtual. He began to say that Washington, D.C. is pretty much shut down although there are some staff at the various DC offices. He did say most the people you need to see are unavailable, although it seems they are making it work now with someone responding to you in a few hours, as the congressional, branch staff, administrative are being very responsive. Mr. Rhodes presented a slide with both his and Ms. Adler's bio information and stated that Ms. Adler worked in the House, on the Committee of Transportation and Infrastructure under Congressman DeFazio for 12 years. She is our transportation expert and has worked with Mr. Cruz-Aedo, and is a real professional when it comes to federal transportation issues and has the connections to speak directly



to the Chairman of the Committee. He provided some background information regarding working with the Port of Corpus Christi and is familiar with Corpus Christi and the Coastal Bend areas on various projects he accomplished while working for them. Mr. Rhodes commented on the 2019 Bus and Bus Facilities Grant CCRTA received in the Summer of 2020 after he began his relationship with the agency in October last year. He said Cassidy maintains consistent communication with the agency to make sure we are kept up-to-date about opportunities available in Washington.

A slide showing the Federal Priorities for 2021 was presented for 5 categories; COVID-19 Relief Funds, possible BUILD project, surface transportation reauthorization, increased formula funding for public transit and grants as needed. He stated for the COVID-19 Relief Funds, the CCRTA received \$16M of the \$25B CARES Act funds that were available for public transit. He continued with the BUILD Grant as previously known as Transportation Investment Generating Economic Recovery, or TIGER Discretionary Grants. In 2020, BUILD Grants awarded \$1B to 70 projects in 44 states, and that building relationships now will increase our chance for success if we want to apply for a 2021 BUILD grant. Mr. Rhodes commented the FAST Act of 2015 was the last surface transportation authorization, and authorities currently in the FAST Act were set to expire on September 30, 2020, although a one-year extension was included in the funding continuing resolution passed by Congress and signed by the President at the end of September. Other transportation reauthorization passed in July 2019 for Senate Environment and Public Works Committee, yet the ATIA of 2019 was not considered on the Senate floor. The House's Transportation and Infrastructure Committee also passed their surface reauthorization in June 2020, and investing in the new vision of the ATIT was not considered on the floor. He said 116<sup>TH</sup> Congressional closes their final session, bills will need to be reintroduced and passed from the committee in 2021, and surface reauthorization will most likely be used as a vehicle for climate-focused infrastructure policies.

As he continued, partisan makeup of the government after the 2020 election will determine the procedure and feasibility of passing anything that is not a straight program reauthorization. Cassidy will continue to monitor surface transportation authorization discussions and movement, and identify specific goals of the CCRTA, outside of concerns by national interest groups like APTA, and we will guide our engagement with your congressional delegation's offices on this topic. On the Formula Funding for Public Transit, Mr. Rhodes this is separate from the program authorizations, there is an annual appropriations process and the Federal Government is operating on the 2020 levels through December. He said the Senate Appropriations Committee has not release their intent of funding levels to the public, our Senior Senator is well informed of our concerns and is ready should we need him to support us during the process. He also commented if the Democrats win, we will see the Federal Government's support within Congress for returning to the practice of Earmarks, and this will benefit the CCRTA directly. Two slides were presented on Grants as Needed to include the Accelerating Innovative Mobility (AIM) Challenge Grants and the Integrated Mobility Innovation (IMI) Program intended to help public transit agencies, and the Low or No Emission Competitive Program to show the eligible projects, and the Mobility for All Pilot Program Grants.

#### **Heard Update – 2020 Second Quarter Investment Report – a) Patterson & Associates**

Mr. Saldana introduced Ms. Linda Patterson of Patterson & Associates. Ms. Patterson commented she will be presenting on the quarterly semi-annual report and what is happening right now with the COVID-19 Pandemic and how it affects the agency's portfolio. She reported that over the past several months there has been huge volatility and violent swings in the markets, massive stimulus programs, and also multiple efforts by the central banks to see if we can get the economy moving again. Ms. Patterson commented with additional stimulus being suspended, this drives the uncertainties as to what will happen to rates and the market. She reported on a chart of Unemployment by Education Levels and how the graphs show the lower educational level service jobs are the hardest hit and contributes to these uncertainties, along with consumer consumption



slowed as people cannot get to stores, which slows down manufacturing, and so on with the domino effect on the economy during this pandemic. She mentioned they see that the economy is very slowing beginning to grow. Fiscal efforts are mired in a political battle and we will not see a possible resolve until November. Ms. Patterson added that support for liquidity in the CP, primary and secondary markets, and asset acquisitions have eased some tensions and most importantly provided liquidity to the markets so that they do not simply seize up. Another major change is a flexible average inflation targeting (AIT) framework which removes the 2 percent inflation target, or that the Feds can change their mind. The third item is Yield Curve Targeting (YCT) where the Feds may choose to yield target to short-to-medium treasuries to further stimulate the economy.

Ms. Patterson presented a slide with a graph showing the yield curve which shows the agency's portfolio as well as most businesses right now in this pandemic. She commented that the Feds actions, and how the market fears around the world, have caused Treasury and agency rates to remain lower over the past 5 months, and the Feds intention is to stay at 0.0 percent of Fed funds through 2022. Ms. Patterson stated that fear increases the demand for safe havens and the safest right now are the U.S. Treasury and the USD dollar, only commercial paper offers value in the short-term, and with the 2-year yields, 5 and 10-year notes being in negative yields, just like in 2008 to 2010, the short-term inside the 2-year may be at zero for along time. She said, and then add the low level of direct stimulus, the level of debt accumulating, we will see awhile before the rates increase. She presented a slide to show the agency's portfolio from 12/31/2019 beginning book value of \$27.3M to 6-month ending book value at \$35.2M providing year-to-date earnings of \$132K. She said this is a very liquid portfolio since the CCRTA utilizes Texpool Prime, and as of June 2020 was at 0.5 percent. Another slide shown of the agency's benchmark where CCRTA has been beating the 6-month Treasury Bill benchmark and is a good positive for the agency. A Look Back chart was presented showing the agency's Q3 & Q4 for 2019, and Q1 and Q2 2020, and commented that the CCRTA has been successfully beating the benchmark even with the low percentages, these lows will affect the portfolio for a while until rates and percentages begin to rise. Statute and Policy Parameters slide was presented to detail the State Law Public Funds Investment Act and the CCRTA Policy.

In conclusion, Ms. Patterson provide the strategies going forward from the COVID pandemic and shared that the Federal Reserve has been forced to take overnight rates to zero, so our portfolio must extend maturities to capture any yield. She mentioned the portfolio is guided by the law, cash flows and cash needs by spreading out securities to meet the liabilities, anticipate use of commercial paper for shorter maturities, maintain a solid liquid buffer for any uncertain needs, continue using the pools for liquidity in uncertain cash flows and extend the portfolio to capture yield within the spread.

#### **Heard Update – South Teas Military Task Force Report**

Mr. Alan Wilson, Chairman of the task force introduced himself to the Board and said he would be reporting on the Mission of the task force as it is made up of volunteers who want to help to preserve, protect, communicate and expand the value of the military facilities in the Coastal Bend Region of Texas. He said he will also talk about what our bases do, and the economic impact of our bases. A slide presented displayed the names of members as a non-partisan group of people comprised of local community and business leaders who recognize the importance of advocating for and supporting our area military facilities. He explained the task force not only want to maintain the value of our bases, we would like to expand the value of our bases. He commented that our military operations are a \$132B per year industry in Texas, and that if any of our bases were closed, this would be a huge loss and economic impact devastating our local economy. Mr. Wilson said our military operations contribute over \$5.3B to our economy, provide over 10,000 direct jobs and with the indirect impact, creates over 30,000 jobs just in our area alone. Most of their budget goes towards lobbyists salary.



There are four area military operations in the Coastal Bend area. Those are the Corpus Christi Naval Air Station, the Army Depot and Coast Guard Sector at the Air Station, and the Naval Air Station in Kingsville. Mr. Wilson presented a slide to what each facility contributes whether it is jobs, both military and civilian, contribution to the economy each year in Texas, training capability for pilots, housing, air traffic control, border protection, maritime commerce, and the Port of Corpus Christi.

Mr. Wilson introduced the Corpus Christi Army Depot (CCAD) expert, Mr. Kresten Cook, who is the Executive Director, and as he said, the Staff for the STMTF. Mr. Cook said there are CCRTA buses that travel to CCAD and majority of the employees there are of a civilian workforce, who utilize the buses regularly. He mentioned that CCAD is the largest helicopter repair facility with over \$1B revenue per year, this is a very large operation. Mr. Cook reported on the background of the CCAD and reported on how the Port of Corpus Christi is a designated strategic U.S. military port with significant increase of military movements over the past three years.

The South Texas Military Task Force is funded by local organizations and governments that realize how important area military installations are to the Coastal Bend community and our nation. A slide was shown with the STMTF supporters. He said they are trying to tell several in the area to spread the word of who they are, what they do, and how to volunteer and support them. Invite them to speak to local businesses or organizations to support the military, request tours of their area military facilities, or even attend their 'Winging' Ceremonies.

#### **Heard Update – Coastal Bend Air Quality Group Quarterly Report**

Ms. Gretchen Arnold reported this group was formerly known as the Corpus Christi Air Quality Group and was revised in late 2019 to reflect the EPA defined Corpus Christi Urban airshed which includes all of Nueces and San Patricio counties. Ms. Arnold said this is a group established in 1995 to address the threat of non-attainment of ozone standards. She said this group work collaboratively with the stakeholder representation to design and deliver effective strategies to maintain National Ambient Air Quality Standards (NAAQS) for regulated air pollutants that are suitable for our airshed. A map showing the partnership airshed was displayed. The CCRTA contributes \$5K annually to support the Chair position, conducts and calls quarterly meetings, monitors and provides local air quality data and regulatory updates to the group, researches possible emission reduction programs that could be effective for our airshed, provides annual reports to the U.S. EPA on voluntary measures performed locally, provides air quality briefings and updates to local groups and officials, and searches for funding sources to continue the Partnership programs. A slide showing the Partnership Accomplishments was displayed.

She provided information on the CCRTA Partner accomplishments of how the agency purchased and operates several low emission CNG buses and fleet vehicles, provided annual results of the CCRTA & DMD Bike Share program where over 42,000 miles were travelled in the area on bicycles instead of using a vehicle. The agency also provided the CCRTA Van Share program that had 16,000 rides and 83,000 miles of shared rides instead of a single occupancy vehicle. She said each ride on an CCRTA bus removes a single occupancy vehicle from the road. Additional slides with charts of the current status for ozone attainment, total annual projected of potential costs for violating ozone standards, how the CCRTA benefits from this partnership especially with the FTA and EPA were displayed.



Ms. Arnold reported on the financial impact from the contribution of \$5K the CCRTA gives to the CBAQ Group on the communities cost of non-attainment and the CCRTA's potential loss in FTA funding. Ms. Arnold also mentioned the group is transitioning into a full-time, formal organization with a full-time Executive Director and Board of Directors. She also said they are also dedicated to seek long-term funding to support a long-term plan and organization for our continued attainment status as it is critical to the future of a healthy community and growing economy.

#### **Action to Approve the Board of Directors Meeting Minutes of September 2, 2020**

**MR. DAN LEYENDECKER MADE A MOTION TO APPROVE THE BOARD OF DIRECTORS MEETING MINUTES OF SEPTEMBER 2, 2020 AS AMENDED TO ADD MR. SALAZAR TO THE MINUTES WHERE MOTIONS WERE CARRIED WHEN VOTING. MR. ELOY SALAZAR SECONDED THE MOTION. THE MOTION CARRIED. MARTINEZ, ALLISON, BAUMAN, DOMINGUEZ, JIMENEZ, LEYENDECKER, MARTIN, REEVES, SALAZAR, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

#### **Heard Consent Items**

- a) **Action to Award a Contract to Dailey-Wells Communications for a Mobile Radio Feature Upgrade (pg. 8)**
- b) **Action to Authorize Staff to release a Bundled Services RFP to solicit proposals for portfolio management services for the CCRTA Defined Benefit Plan and Trust and the 403(b) Defined Contribution Plan and Trust (pgs. 9-11)**
- c) **Action to Issue a Request for Proposals (RFP) for a Bus and Bench Advertising Contract for three years with one two-year option (pgs.12-13)**
- d) **Action to Authorize Issuing an Invitation for Bids (IFB) for Maintenance Uniform Rental Services (pgs.14-15)**
- e) **Action to Exercise the Last Option Year with Evergreen Lawn and Landscape for Bus Stop Cleaning Services (pgs. 16-18)**

**MR. ELOY SALAZAR MADE A MOTION TO APPROVE CONSENT ITEMS A) THROUGH E). MR. GLENN MARTIN SECONDED THE MOTION. THE MOTION CARRIED. MARTINEZ, ALLISON, BAUMAN, DOMINGUEZ, JIMENEZ, LEYENDECKER, MARTIN, REEVES, SALAZAR, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

#### **Heard Presentations –**

##### **a) August 2020 Financial Report**

Mr. Robert Saldaña reported on highlights for the month of August and Total Revenue over Expenses by \$2.6M with majority from the \$2.7M draw-down from the CAREs Act. Operating revenue was about 95 percent of our budget, and Departmental Expenses is about 6 percent under our monthly budget. Mr. Saldaña provided a snapshot of the Income Statement and commented the second column and Total Revenues is \$5.99M with \$5.8M from Operating Revenues and \$2.7K from the CAREs Act draw-down with the other major portion coming from Sales Tax.

He said Expenses came in at \$3.4M, or \$2.6M revenues over expenses for the month. A slide was shown with the breakdown by category of August Revenues he detailed each line item with total Operating Revenues and Capital Funding being \$5.8M for the month of August on a budget of \$3.5M. Mr. Saldaña presented a pie-chart on a slide detailing each object and amounts with the percentage of budget. These excluded Depreciation, Debt Service and



Street Improvements. Mr. Saldaña reported on Expenses coming in at \$2.8M for the month of August on a budget of almost \$3.0M.

Mr. Saldaña reported year-to-date (YTD) highlights Passenger Service revenues are about 65 percent of our baseline budget. Staples Street Center collected is almost at 99.8 percent of revenues, and total Departmental Operating Expenses are \$1.8M below our budget. He stated Total Revenues over Expenses for YTD are at \$9.5M surplus with \$11.7M coming from the CAREs Act monies, and without the CAREs Act monies we would be trending down. Mr. Saldaña reported on the Operating Revenues of \$36.9M on a budget of \$24.5M. Expenses are at \$21.8M on a budget of \$23.7M, or \$1.8M in savings. A pie chart provided detailed the breakdown of each category. Another slide with the COVID-19 reimbursement to-date of \$11.7M received less fare revenues of \$606K, or a total grant reimbursement of \$11.7M.

A chart of Sales Tax Trend over the past 13 months showed the highs and lows by months and years. He presented a July 2020 Sales Tax Comparison table for month to month from 2019 at \$3.2M to 2020 at \$2.7M, or a decrease of 13.4 percent from last year. The comparison table budget to actual of July 2020 actual of \$2.7M on a budget of \$3.3M, or \$605K less.

**b) August Procurement Update**

Mr. Saldaña reported there are 3 procurements/solicitations for the month of August; Ultra Violet Germicidal Irradiation UVGI Kits at \$265K with bids due October 6, 2020; 8 transportation supervisor and support vehicles at \$392K also due on October 29, 2020; and Power Washing Services at the transfer stations at \$487K due November 2, 2020. He reported for the 3 Month Outlook, we have one 2-year contract with a 1-year option for Unleaded Fuel at \$301,544 and looking to exercise the first option year; Texas Municipal League TMLIR Risk Poll at \$440,482 auto renewal until cancelled; Long and Short-Term Disability Insurance at \$108,487 exercise first option year; and a Life and AD&D Insurance 3-year contract with two 1-year options at \$30,050.

He reported for the CEO's Signature Authority of less than \$50K we have 9 items; Hydraulic Hoses and Fittings at \$49,344 two-year agreement with one 1-year option; Maintenance Uniform Rental Services at \$49,459 2-year agreement with one 2-year option; Trapeze FX Blockbuster 1-year agreement at \$28,726; Spanish Translation Services 1-year contract at \$25K; South Texas Military Task Force 1-year agreement at \$25K; Remix Transit Planning Software agreement at \$31K; Investment Advisory Services 14 month agreement at \$25,666; Fleet-Net Software License and Support 1-year agreement at \$28,750; and the DRI AVL Software Maintenance 1-year agreement at \$46,449. He said we still maintain our Marina Rental Space on a month-to-month contract with the City of Corpus Christi not to exceed \$6,100.

**c) August 2020 Safety & Security Report**

Mr. Mike Rendón commented for the month of August Board Priority aligns with Facilities - Safety & Security. He said ARB Accident Review Board did not meet in the months of June, July and August, yet did meet a few weeks ago to discuss the past three months of the Summer. There were 4 collisions which were preventable, and 2 were non-preventable with August reporting a collision rate of 0.00, and said there have been 4 months of no collisions and speaks highly of the Operations Managers, Supervisors and training efforts for our operators. For the month of August, the operators drove 626.8K miles with year-to-date



collision rate at 0.73 percent. He reported there were 473 contacts with individuals the month of August with the top two categories at 95 percent.

Mr. Rendón reported on the Robstown K-9 Unit we have used on several occasions was again used here at the Staples Street Center. Staples Street Center (SSC) continues to have an increase of visitors in the building per day up to 80 with additional movement at the Greyhound counter as passengers has increased slightly. Mr. Rendón reported there was a bomb threat to our Staples Street Station and Board, Senior Staff, employees, CCPD and CCFD were all notified. A fire alarm was issued to exit the building and CCPD caught the suspect and the threat was taken care of with no injuries or bomb.

**d) August 2019 Operations Report**

Mr. Gordon Robinson commented for the month of August Board Priority aligns with Public Image and Transparency. He reported passenger trips for the month were just over 203K, had just over 22K revenue hours, and our operators drove over 347K revenue miles, and still down from last August. Mr. Robinson reported the monthly ridership mode system-wide, and stated fixed route being up by just over 6K from July. Vanpool also showing a 53 percent decrease in ridership. For year-to-date, ridership is down by 38 percent systemwide with Vanpool down by 12.3 percent.

He reported that On-Time Performance is just over 95 percent with no issues. Mr. Robinson also mentioned the wheelchair and bicycle boardings are down by almost 40 percent than last year at this time. He presented a slide with a chart of routes currently impacted by the City's Bond Projects and the Harbor Bridge Project detours, and there are 7 detours out of 32 for August, and there are an additional 4 more detours that will be based on timing of construction schedules. Mr. Robinson commented B-Line is still down due to the social distancing, and Miles Between Road Calls (MBRC) down from age of fleet as well as the heat which has a big impact on our vehicles. He reported the MBRC is just over 5,377 does not meet the industry standard of 6,500.

**Heard CEO's Report**

Mr. Jorge G. Cruz-Aedo commented we will start a new pilot program Q'Straint. He said this is a pilot automatic rear-facing wheelchair securement system, that will allow the passenger to secure their own device on our buses. There will be a Press Conference tomorrow morning at 8:00 am with several media attending so we can demonstrate how this system works and what the advantages are to both the operators and passengers of a social distancing no-touch application. He invited the Board to attend.

Mr. Cruz-Aedo also commented that the CCRTA will again be holding another Press Conference for another bus campaign 'Ride for Free to Vote November 3' on Thursday, October 15, 2020 at 10:00 a.m. to inform the community and help them ride our buses for free to any polling locations throughout our service areas to vote on election day November 3, 2020.



**Heard Chairman's Report**

Mr. Edward Martinez, Board Chairman opened it up for the board members to comment. Mr. Martinez commented that Mr. Reeves had to leave early yet wanted to thank Staff for the continued efforts in the safety culture the CCRTA is providing to it's riders, employees, and the community. He said we will continue to work on our legislative plan priorities and let the board know what they will be, and he appreciates Staff and the overall safety and security measures that the agency continues to follow.

**Adjournment**

There being no further review of items, the meeting adjourned at 11:08 a.m.

Submitted by: Dena Linnehan

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Dan Leyendecker, Board Secretary



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Adopt the Fiscal Year 2021 Board and Committee Meetings Calendar

**Background**

Each year, the Board adopts a meeting calendar for the upcoming year. The CCRTA monthly Board Meeting(s) are scheduled on the first (1<sup>ST</sup>) Wednesday of each month. The Administration & Finance Committee and Operations & Capital Projects Committee are held on the fourth (4<sup>TH</sup>) Wednesday each month, respectively.

**Committee Review**

This item was presented and approved at the Administration & Finance Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of Directors to Adopt the Fiscal Year 2021 Board and Committee Meetings Calendar.

Respectfully Submitted,

Submitted by: Dena Linnehan  
Board Assistant Secretary

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



2021 Meeting Calendar - CCRTA Board of Directors

Calendar grid for January with meeting dates highlighted in red (6th, 18th, 27th).

January

6TH – BOARD Mtg. 8:30 a.m.
27TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

July

7TH – BOARD Mtg. 8:30 a.m.
28TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

Calendar grid for July with meeting dates highlighted in red (7th, 28th).

Calendar grid for February with meeting dates highlighted in red (3rd, 24th).

February

3RD – BOARD Mtg. 8:30 a.m.
24TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

August

4TH – BOARD Mtg. 8:30 a.m.
25TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

Calendar grid for August with meeting dates highlighted in red (4th, 25th).

Calendar grid for March with meeting dates highlighted in red (3rd, 24th).

March

3RD – BOARD Mtg. 8:30 a.m.
24TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)
\*APTA TRANSform Conf & EXPO – MAR 14-17 (CA)

September

1ST – BOARD Mtg. 8:30 a.m.
22ND – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

Calendar grid for September with meeting dates highlighted in red (1st, 22nd).

Calendar grid for April with meeting dates highlighted in red (7th, 28th).

April

7TH – BOARD Mtg. 8:30 a.m.
28TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

October

6TH – BOARD Mtg. 8:30 a.m.
27TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)
\*APTA TRANSform Conf- OCT 3-6 (PA)

Calendar grid for October with meeting dates highlighted in red (6th, 27th).

Calendar grid for May with meeting dates highlighted in red (5th, 26th).

May

5TH – BOARD Mtg. 8:30 a.m.
26TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)
\*Mobility - MAY 2-5 (MN)

November

3RD – BOARD Mtg. 8:30 a.m.
17TH – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)

Calendar grid for November with meeting dates highlighted in red (3rd, 17th, 25th, 26th).

Calendar grid for June with meeting dates highlighted in red (2nd, 23rd).

June

2ND – BOARD Mtg. 8:30 a.m.
23RD – COMMITTEE Mtgs. 8:30 a.m. Admin. & Finance 9:30 a.m. Ops.&Cap.Projects (est. held after Admin. mtg.)
\*Rail Conf – JUN 6-9 (OH)

December

1ST – BOARD Mtg. 8:30 a.m.
No COMMITTEE Mtgs.

Calendar grid for December with meeting dates highlighted in red (1st, 24th, 25th, 31st).

Legend: Meetings – BOD & COMM # in red = CCRTA Holidays (Administrative Offices closed) \*blue = APTA Mtgs



**Subject:** Approve entering into a renegotiated five-year contract with 90 Degrees Benefit, formally known as ENTRUST, Inc. Third Party Administrator for the CCRTA Employee Group Health, Vision, and Dental Insurance Benefits Program

**Background**

The CCRTA provides a self-funded health plan and contracts Third Party Administration offered by 90 Degrees Benefit, formally known as ENTRUST, Inc. The CCRTA employs approximately 209 employees and their dependents. Full-time employees are provided Health, Vision, and Dental Benefits.

Breakdown of Current Enrollment: 209 Employees and 453 Total Members

	<b># of Enrollees (Active Employees)</b>	<b># of Enrollees (Retirees)</b>	<b>Total Enrollees</b>
Employee Only	91	7	98
Family Only	109	2	111

**Identified Need**

The current contract for group health, vision and dental benefit program is currently administered by 90 Degrees Benefits, formally known by ENTRUST, Inc. of Katy, TX and is scheduled to expire on December 31, 2020. The Third-Party Administrator manages the self-funded health plan available for our employees and their dependents. We also find it of importance to meet the Affordable Care Act (ACA) requirements for Applicable Large Employers (ALE's) to offer benefits.

Services Provided:

- Administration of Plan Benefit
  - Call center provides benefit explanation to members and providers.
  - Claims Assistance
  - Adds, Terms and Administration of Qualified Events
- Administration of COBRA
- Case Management Services
  - Provides large claimants access to care issues to ensure in-network services are being utilized properly
  - Provides access to medications that are needed
  - Ensures continuity of care
- Audits of Stop-Loss Carrier (Conducts audits to ensure reimbursements are performed properly and accurately)
- Fiduciary for Plan (Third-Party Administrator makes payments for claims on our behalf; also protect CCRTA from liability)
- Intermediary with Pharmacy Benefit Manager to ensure maximized savings

- Audits Rebates
- Audits Ingredient Costs
- Dispensing fee
- Administration fee
- Integration
- Generic Drug Cost Lowest in four years
  - 2020 - \$264,573.80 – Through September
  - 2019 - \$389,807.64
  - 2018 - \$397,360.81
  - 2017 - \$373,170.36
  - 2016 - \$302,327.60

### History

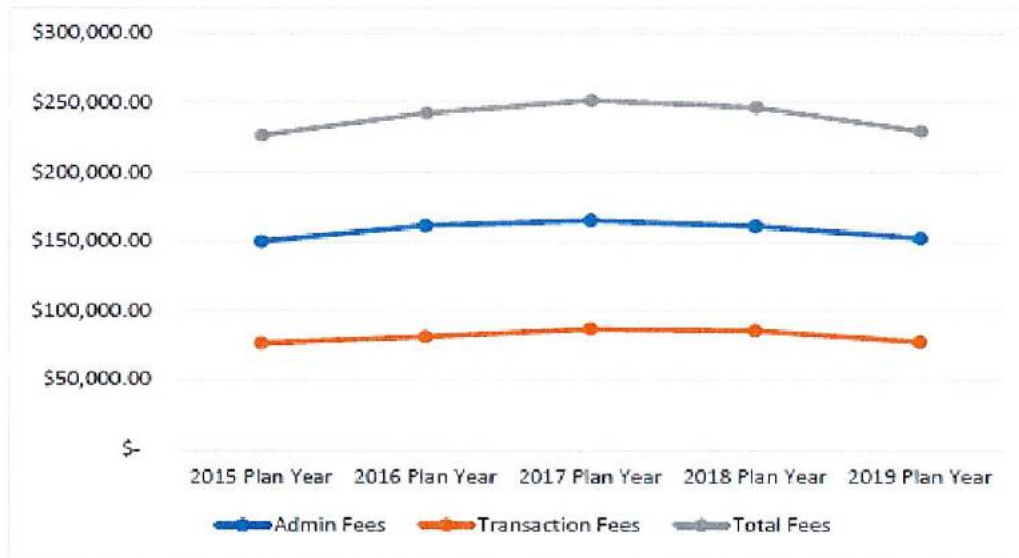
The current contractor has been administered benefits since 1999. The benefits are fully customized specifically for the needs of the CCRTA that encourage and reward consumerism, while still providing access to care.

Customized Benefits Include:

- Family Monthly Deductible
  - Reduces Out of Pocket Expenses for member
- Primary Care Benefit Allowance
  - \$1000 of First Dollar Coverage for the employee
  - \$2000 of First Dollar Coverage for employee and dependents
- Doctor's Center and Calallen Minor Emergency Clinics
  - Covered at 100% up to \$350
    - Discourages unnecessary ER and freestanding ER visits
- Pharmacy
  - Brand maintenance medication 90-day supply \$60 Copay
    - Ensures affordable access to medications for hypertension, high cholesterol and diabetes
- Active Care
  - Access to diabetic testing supplies at no cost
- Vision Benefits
  - Eliminates confusing network pricing
    - Exam and contact lens fitting are no cost
    - \$250 allowance for hardware

The expiring contract structure has provided stabilized cost for administration over the past 5 years and have remained flat with little or no fluctuations.

Plan Year	2015 Plan Year	2016 Plan Year	2017 Plan Year	2018 Plan Year	2019 Plan Year
Admin Fees	\$ 150,211.30	\$ 161,671.60	\$ 165,244.65	\$ 161,261.35	\$ 152,371.75
Transaction Fees	\$ 76,625.00	\$ 81,212.50	\$ 86,787.50	\$ 85,650.00	\$ 77,400.00
<b>Total Fees</b>	<b>\$ 226,836.30</b>	<b>\$ 242,884.10</b>	<b>\$ 252,032.15</b>	<b>\$ 246,911.35</b>	<b>\$ 229,771.75</b>



### Negotiated Recommendation

Current fee structure per member per month has not increased since 2015. Staff has negotiated a 6.5% increase in administrative fees in year one. Fee will increase 3.5% in year three and 3.5% in year 5.

Plan Year	2020 Plan Year	2021 Plan Year	2022 Plan Year	2023 Plan Year	2024 Plan Year	2025 Plan Year
<b>Medical Enrollment</b>						
Employee Only:	102	102	102	102	102	102
Family:	111	111	111	111	111	111
<b>Dental Enrollment</b>	<u>2020 Plan Year</u>	<u>2021 Plan Year</u>	<u>2022 Plan Year</u>	<u>2023 Plan Year</u>	<u>2024 Plan Year</u>	<u>2025 Plan Year</u>
Employee Only:	94	94	94	94	94	94
Family:	105	105	105	105	105	105
<b>Stop-Loss/UW Fee:</b>	<u>2020 Plan Year</u>	<u>2021 Plan Year</u>	<u>2022 Plan Year</u>	<u>2023 Plan Year</u>	<u>2024 Plan Year</u>	<u>2025 Plan Year</u>
Employee Only:	\$21.45	\$21.45	\$21.45	\$21.45	\$21.45	\$21.45
Family:	\$42.90	\$42.90	\$42.90	\$42.90	\$42.90	\$42.90
<b>Medical Administration</b>	<u>2020 Plan Year</u>	<u>2021 Plan Year</u>	<u>2022 Plan Year</u>	<u>2023 Plan Year</u>	<u>2024 Plan Year</u>	<u>2025 Plan Year</u>
Employee Only:	\$10.00	\$14.00	\$14.00	\$15.00	\$15.00	\$16.00
Family:	\$20.00	\$22.50	\$22.50	\$24.50	\$24.50	\$26.50
<b>Dental Administration</b>	<u>2020 Plan Year</u>	<u>2021 Plan Year</u>	<u>2022 Plan Year</u>	<u>2023 Plan Year</u>	<u>2024 Plan Year</u>	<u>2025 Plan Year</u>
Employee Only:	\$2.00	\$2.50	\$2.50	\$3.00	\$3.00	\$3.50
Family:	\$4.00	\$5.00	\$5.00	\$6.00	\$6.00	\$7.00
<b>Plan Compliance Composite:</b>	<u>2020 Plan Year</u>	<u>2021 Plan Year</u>	<u>2022 Plan Year</u>	<u>2023 Plan Year</u>	<u>2024 Plan Year</u>	<u>2025 Plan Year</u>
Composite:	\$8.90	\$8.90	\$8.90	\$8.90	\$8.90	\$8.90
<b>Total</b>	<u>2020 Plan Year</u>	<u>2021 Plan Year</u>	<u>2022 Plan Year</u>	<u>2023 Plan Year</u>	<u>2024 Plan Year</u>	<u>2025 Plan Year</u>
Employee Only:	\$42.35	\$46.85	\$46.85	\$48.35	\$48.35	\$49.85
Family:	\$75.80	\$79.30	\$79.30	\$82.30	\$82.30	\$85.30
Monthly Cost	\$12,733.50	\$13,581.00	\$13,581.00	\$14,067.00	\$14,067.00	\$14,553.00
Annual Cost	\$152,802.00	\$162,972.00	\$162,972.00	\$168,804.00	\$168,804.00	\$174,636.00
<b>Claims Transaction Fee</b>	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50

### Disadvantaged Business Enterprise (DBE)

This item is not funded with federal funds.

**Financial Impact**

The amount included the listed items are budgeted within the Human Resources departmental budget. This cost encompasses the administration for the self-funded insurance plan of medical, vision, dental, underwriting, plan compliance, and claim transactions fees which are all associated with the administration provided by 90 Degrees Benefits.

**Board Priority**

This Board Priority is Transparency.

**Committee Review**

This item was presented and approved at the Administration & Finance Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of Directors approve entering into a renegotiated five-year contract with 90 Degrees Benefit, formally known as ENTRUST, Inc. Third Party Administrator for the CCRTA Employee Group Health, Vision, and Dental Insurance Benefits Program.

Respectfully Submitted,

Submitted by: Angelina Gaitan  
Director of Human Resources

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Exercise First Option Year for Short-Term and Long-Term Disability Insurance with United Healthcare Insurance Company

**Background**

The CCRTA entered into a contract with United Healthcare Insurance Company for the period of July 1, 2018 through December 31, 2020. The original contract was a fixed two and a half year base contract with two one-year options. United Healthcare Insurance Company handles all claims and benefit related questions. Short-Term Disability is available to employees who pay for the benefit and calculation is based on the employee's age and salary. Whereas Long-Term Disability is made available to employee's who complete one-year of employment and is paid for by the agency.

Below is a summary of employees who are currently on the plans.

<b>Plan Description</b>	<b>Current Employee Count</b>	<b>Average Monthly Total*</b>
Short-Term Disability	94	\$2,842.72
Long-Term Disability	187	\$6,287.83

*\*Average monthly cost varies due to the number of employee(s) on the plan on a given month*

Both the Short-Term and Long-Term Disability insurance benefit provides a supplemental form of income, in the event that the employee is out due to an illness or injury and does not have enough accrued paid leave to compensation them. United Healthcare Insurance Company reviews the required documents and makes the decision as to whether the claim is legitimate.

**Identified Need**

Exercising the first option year of this contract will allow for the continuity of the Short-Term and Long-Term Disability insurance benefits provided through December 31, 2021.

**Disadvantaged Business Enterprise (DBE)**

This item is not funded with federal funds.

**Financial Impact**

The estimated cost is about \$110,000 per year for both Short-Term and Long-Term Disability, and is budget in 2021 Operating Budget for each department. The Short-Term Disability is paid by the agency, but is 100% reimbursable by the employees via payroll deduction for the premium amount.

**Board Priority**

This Board Priority is Transparency.

**Committee Review**

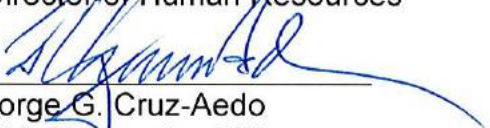
This item was presented and approved at the Administration & Finance Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of Directors to Exercise the First Option Year for Short-Term and Long-Term Disability Insurance with United Healthcare Insurance Company.

Respectfully Submitted,

Submitted by: Angelina Gaitan  
Director of Human Resources

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Accept the Investment Performance Evaluation Report on the Defined Benefit Plan a requirement of the Pension Review Board (PRB) Filing with the State

### **Background**

Texas Government Code 802.109 requires Texas public retirement systems with at least \$30 million in assets to complete an Investment Practices and Performance Evaluation. The Texas Public Review Board (PRB) has been charged with enforcing the various aspects of this statute. A qualified independent firm is required to perform the Evaluation that must contain all review elements outlined in the criteria established by the PRB. The Evaluation Report must be filed with PRB once the report has been presented and accepted by the Board of Directors.

### **Identified Need**

Due to the independence and specialized area of expertise required to comply with the new regulation, the professional services of Strategic Retirement Partners (SRP) were contracted to perform the Evaluation on the Defined Benefit Plan and Trust. SRP began work on the independent review early October 2020 with the full support of the Administration staff along with numerous conference calls with Managing Director of Administration, Director of Finance, Findley, Inc., Actuarial Consultant and the Principal Financial Group Investment Manager. The Report was completed on October 19, 2020.

The components of the Evaluation include:

1. Investment Policy Statement Review
2. Asset Allocation review
3. Appropriateness of investment Fees and Commissions
4. Governance Review
5. Investment Manager Selection and Monitoring Process

### **Board Priority**

This item aligns with the Public Image and Transparency.

### **Committee Review**

This item was presented and approved at the Administration & Finance Committee meeting held on October 28, 2020.

### **Recommendation**

Staff recommends the Board of Directors to accept the Investment Performance Evaluation Report on the Defined Benefit Plan a requirement of the Pension Review Board (PRB) Filing with the State.

Respectfully Submitted,

Submitted by: Marie Sandra Roddel  
Director of Finance

Reviewed by: Robert M. Saldaña  
Managing Director of Administration

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer

CONSENT ITEM  
ATTACHMENT B

**SRP** | Strategic  
Retirement  
Partners™  
*Relax... We'll Take It From Here.*

INVESTMENT PRACTICES AND PERFORMANCE EVALUATION

for



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

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## Executive Summary

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SRP understands the unique challenges in the public defined benefit plan arena, especially in light of COVID-19. The challenges in the real economy include tax receipts are down, state taxes are down, gas receipts are down, corporate taxes are down and real income is down, all leading to expectations that funding status will be a problem for a long time. In addition, there has been an early retirement boom due to COVID. Some individuals have retired earlier than anticipated for personal reasons, others close to retirement age have decided to lock in their retirement now as the market has recovered and public safety workers and educators are retiring earlier than initially planned.

The result of these changes is that plan assumptions may not match current reality and that public employers may be challenged to make their pension contributions.

SRP began work on the independent review project in early October 2020 with the full support of the Corpus Christi Regional Transportation Authority Board and internal staff. The cooperation and speed of delivery of requested materials from internal staff, the actuary and the investment manager has been extraordinary. Without this support and project prioritization, we could not have met the deadline.

We have been impressed by the diligence and dedication of the internal staff in their leadership and stewardship of the pension plan. The organization takes their responsibilities to the participants, retirees and beneficiaries of the pension plan very seriously and is dedicated to maintaining the strength of their plan.

Overall, after review of all of the documents, policies, minutes, performance reports, outside sources and our experience with similar plans it is our opinion that the Board, internal staff, hired investment manager and hired actuary are meeting their responsibilities.

We do make several recommendations for consideration, in light of the challenges facing public pensions due to the real economic impact of COVID 19 in 2020 and beyond. We appreciate the opportunity to share our experience and work together toward the common goal of maintaining healthy and sustainable pensions for the future.

Sincerely,



Lisa Petronio



Shannon Maloney



Ann-Marie Sepuka

**CONSENT ITEM  
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The scope of the Corpus Christi Regional Transit Authority Investment Practices and Performance Evaluation includes review of the following objectives, in accordance with the Texas Pension Review Board standards:

Components of Evaluation	Evaluation Findings & Recommendations
<p>Objective 1: Investment Policy Statement Review</p>	<p><i>Findings:</i></p> <ul style="list-style-type: none"> <li>• Investment Policy Statement is signed, followed and reviewed occasionally.</li> <li>• Board, internal staff and external consultants are adhering to the established policies.</li> </ul> <p><i>Recommendation:</i></p> <ul style="list-style-type: none"> <li>• Review and revise the Investment Policy Statement to reflect current plan governance structure, updated actuarial assumptions, revised long-term return on asset number, capital markets assumptions, add risk measures and add monitoring/replacement criteria. Expense monitoring and the timing of such monitoring should be included in the investment policy statement.</li> </ul>
<p>Objective 2: Investment asset allocation review, including: (a) the process for determining target allocations; (b) the expected risk and expected rate of return, categorized by asset class; (c) the appropriateness of selection and valuation methodologies of alternative and illiquid assets; and (d) future cash flow and liquidity needs.</p>	<p><i>Findings:</i></p> <ul style="list-style-type: none"> <li>• IPS determines the strategic allocation, the investment manager determines the target asset class allocations and reviews target allocations monthly.</li> <li>• The portfolio risk is measured by standard deviation and the expected return forecast is provided by Wells Fargo Investment Institute quarterly.</li> <li>• Alternative investments are valued daily.</li> <li>• Cash needs are met with short term bond fund.</li> </ul> <p><i>Recommendation:</i></p> <ul style="list-style-type: none"> <li>• The portfolio's assumed rate of return, capital markets assumptions, risk assumptions and liability profile should determine the strategic asset allocation and target allocations. Incorporate system-specific issues into the asset allocation process -funded status, short term inflows and projected benefit payments. Recommend that projected benefit payments are incorporated into cash allocation and current strategic cash allocation be modified to reflect system-specific needs.</li> </ul>
<p>Objective 3: Appropriateness of investment fees and commissions</p>	<p><i>Findings:</i></p> <ul style="list-style-type: none"> <li>• Individual fund expense ratios and average asset class costs are disclosed in the performance summary of the WF Quarterly Performance Report.</li> <li>• Total Portfolio fees of 0.59% are lower than other plans of similar size and asset allocation.</li> </ul> <p><i>Recommendations:</i></p> <ul style="list-style-type: none"> <li>• Benchmark all fees to the market to document appropriateness (RTA has outsourced an extensive plan benchmarking to Findley Special Project Group for 2021).</li> </ul>

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<p>Objective 4: Governance Review</p>	<p><i>Findings:</i></p> <ul style="list-style-type: none"><li>• Sound policies and procedures have been established and followed.</li></ul> <p><i>Recommendations:</i></p> <ul style="list-style-type: none"><li>• Facilitate strategic planning related to the pension with the investment manager, actuary, internal staff and board members.</li><li>• Maintain board member accountability to completed PRB minimum required training and continuing education.</li><li>• Update the website with pension documentation at least annually.</li></ul>
<p>Objective 5: Investment manager selection and monitoring process</p>	<p><i>Findings:</i></p> <ul style="list-style-type: none"><li>• Have a process for investment selection and monitoring that has been followed.</li><li>• Outsourced benchmarking to outside party and are currently conducting an investment manager benchmarking for completion in 2021.</li><li>• Monitor portfolio and individual expense ratios quarterly and compare to asset class benchmarks quarterly.</li></ul> <p><i>Recommendations:</i></p> <ol style="list-style-type: none"><li>1. Document the manager selection, monitoring and replacement process currently utilized by Wells Fargo Global Research and implemented by the Wells Fargo Relationship Manager.</li></ol>

## Objective 1: Investment Policy Statement Review

### Documents reviewed:

- Investment Policy Statement adopted 8.1.2012, recertified October 2016, signed August 2017
- Administration & Finance Committee Meeting Minutes 06.24.2020, 08.26.2020
- Board of Directors Meeting Minutes 02.05.2020, 09.25.2020
- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- Pension Plan Funding Policy 9.5.2020 posted on RTA website

### Finding details:

- The system has a formal written “Statement of Investment Policy” (IPS) and has hired Wells Fargo Investment Management to manage the portfolio according to the IPS.
- The IPS clearly outlines and includes roles of the Board of Directors and RTA Audit, Finance, Health and Pension Subcommittee.
- The IPS is written clearly and follows industry best practices. The hired investment manager is able to manage the portfolio to the stated investment objectives and asset allocation.
- Quarterly performance reports and board meeting minutes provide evidence that the system is following the IPS, the asset allocation mix, the rebalancing parameters and the asset class selection.
- The stated investment objectives are being met.
- The IPS includes language regarding fund and investment objectives, absolute return and risk parameters.
- Asset classes listed include Money Market, Fixed Income, Large Cap Value and Growth, Mid and Small Cap Blend, International Equity, REITs and Diversified Commodities.
- IPS states the absolute rate of return to be 7.5% over a market cycle (defined as 3-5 years).
- The policy is reviewed periodically, and the last change was in January 2014 when the aggregate portfolio benchmark was changed to be more in line with the underlying investment mix.

### Considerations:

- Review and revise the IPS and incorporate system specific criteria such as current funded status, liquidity needs for benefit payments and the difference between short-term inflows and outflows and the revised long-term return on asset number, current capital markets assumptions and add risk measures and monitoring and replacement criteria.
- Include selection, monitoring and replacement criteria within the IPS.
- Include committee’s procedures for monitoring expenses.
- Periodically stress test the portfolio based on capital market assumptions for 10, 20 and 30 years to determine if the retirement fund can commit to the policies in the IPS.

## Objective 2a: Process for Determining Target Allocations

### Documents reviewed:

- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- CCRTA Employee Defined Benefit Plan Statement of Investment Policy adopted 8.1.2012; reaffirmed 2017
- Findley CCRTA Actuarial Review 5.22.2019
- Findley CCRTA GASB Actuarial Report 12.31.2019

- Findley 2019 Actuarial Report 12.31.2019
- CCRTA Board of Directors Meeting Minutes 2.05.2020
- Interview with M. Sandy Roddel & Robert Saldaña, CCRTA and Maggie Cauffiel, Findley (October 5)
- Interview with Lisa Keckler & Chris Koeller, Wells Fargo and Maggie Cauffiel, Findley (October 8)

#### Finding details:

- The system has a formal written “Statement of Investment Policy” (IPS) and has hired Wells Fargo Investment Management to manage the portfolio according to the IPS.
- Wells Fargo has been hired as a discretionary trustee to implement the strategic asset allocation portfolio determined by Corpus Christi Regional Transportation Authority (“CCRTA”).
- Wells Fargo Investment Institute uses their analytics to express the Portfolio’s risk tolerance as standard deviation. Risk is measured on 3 and 5-year basis for the portfolio as a whole and each underlying fund.
- The strategic allocation is reviewed every 3-5 years by Wells Fargo.
- The investment manager and the actuary communicate at least annually regarding cash flows and expected returns.
- The assumed rate of return stated in the IPS drives the asset allocation decisions. Wells Fargo attempts to match the assumed rate of return to capital market assumptions and then creates the underlying portfolio.
- Wells Fargo Investment Institute follows their own internal methodology to create the portfolio using the IPS stated strategic allocation and assumed rate of return. This process is a Top Down process and driven by Wells Fargo Investment Institute. The institute publishes tactical recommendations monthly and these recommendations are modified by Wells Fargo Relationship Managers to apply to institutional clients.
- The investment manager does employ a slight tactical overlay for the asset allocation at the portfolio construction level. The investment manager has stayed within the target allocations of the portfolio as defined by the IPS. Currently, the portfolio has a tactical overweight to fixed income 3% and an underweight of 4.1% to small cap. The equity portfolio is more growth focused versus value.
- Please see the chart below for comparisons to peer systems.

#### Portfolio Asset Allocation

	Goal Asset Allocation	Target +/-
Equity	60%	+/- 10%
Fixed Income	38%	+12%/- 11%
Cash/Cash Equivalents	2%	+1%
	Goal Asset Allocation	Current Asset Allocation
US Equity	40%	38.7%
International Equity	15%	13.3%
US Fixed Income	38%	41.5%
International Fixed Income	0%	0%
Cash/Cash Equivalents	2%	2%
Other	5%	4.5%



Peer System	Equity	Fixed Income	Long Term Rate of Return
<b>Corpus Christi Regional Transportation Authority</b>	<b>60%</b>	<b>40%</b>	<b>7.4%</b>
Capital Metropolitan Transit Authority Plan 1	75%	25%	7.25%
VIA San Antonio	70%	30%	7.5%
Capital Metropolitan Transit Authority Plan 2	70%	30%	7.25%
Metropolitan Transit Authority (Houston Metro)	65%	35%	6.75%
Dallas Area Rapid Transit	60%	40%	6.75%

#### Considerations:

- Recommend that the asset allocation policy take into the account the current funded status of the plan, the liability profile of the plan, the assumed rate of return projected decreases to 7.0% over the next 4 years, and the risk assumptions.
- Review Asset Allocation mandate within the Investment Policy Statement and consider widening asset allocation corridors to align better with current Capital Market Assumptions and new Long-Term Return on Asset Assumptions as reported in the Findley Actuarial Review 05.22.2019.
- Recommend a review of asset allocation in peer systems.

#### Objective 2b: Expected Risk and Expected Rate of Return, Categorized by Asset Class

##### Documents reviewed:

- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- CCRTA Employee Defined Benefit Plan Statement of Investment Policy Adopted August 1, 2012 reaffirmed 2017
- Findley CCRTA Actuarial Review 5.22.2019
- Findley CCRTA GASB Actuarial Report 12.31.2019
- Findley 2019 Actuarial Report 12.31.2019
- CCRTA Board of Directors Meeting Minutes February 5, 2020
- Interview with M. Sandy Roddel & Robert Saldaña, CCRTA and Maggie Cauffiel, Findley (October 5)
- Interview with Lisa Keckler & Chris Koeller, Wells Fargo and Maggie Cauffiel, Findley (October 8)
- Horizon 2020 Capital Market Assumptions, reflecting 39 investment manager expectations

##### Finding details:

- The strategic asset allocation is 60% Equity and 40% Fixed Income. The tactical allocations are illustrated in the chart below.
- Wells Fargo Investment Institute measures risk using both 3- and 5-year standard deviation.
- Wells Fargo Investment Institute provides expected return forecasts (current and YE 2020 and 2021 targets) in each quarterly report. Wells Fargo expects to achieve these returns over a market cycle defined in the Investment Policy Statement of 3-5 years.

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- To achieve the plan's stated return on assets, the plan utilizes a diversified investment portfolio including most of the US Equity asset classes, International- developed and emerging markets, and a Core Fixed Income bond portfolio.
- The investment manager employs an active and passive approach to portfolio management. Passive/Index funds are utilized in the following asset classes: Large Cap Blend, Mid Cap Blend and International Core Blend.
- The approach used by the system is to delegate the asset allocation strategy to Wells Fargo Investment Institute. This approach is sound, consistent with best practices to hire a prudent expert and has resulted in a well-diversified portfolio.
- Strategic allocation is reviewed by Wells Fargo every 3-5 years and tactical allocations are reviewed by the investment manager monthly and rebalanced as needed. The last rebalance occurred in September 2020.

**Portfolio Construction:**

Asset Class	Goal Portfolio	Current Portfolio	Structure- Mutual Fund, Collective Trust, ETF
US Large Cap Value	5.0%	5.7%	Collective Trust- Subadvised
US Large Cap Blend	10.0%	11.1%	Passive Mutual Fund
US Large Cap Growth	5.0%	6.0%	Collective Trust- Subadvised
US Mid Cap Value	0%	0%	
US Mid Cap Blend	10.0%	9.9%	Collective Trust- Subadvised
US Mid Cap Growth	0%	0%	
US Small Cap Value	0%	0%	
US Small Cap Blend	10.0%	5.9%	Collective Trust- Subadvised
US Small Cap Growth	0%	0%	
International	15.0%	9.7%	Collective Trust- Subadvised & Mutual Funds Active and Passive
Emerging Markets	0%	3.6%	Mutual Fund
US Fixed Income-LDI	0%	0%	
US Fixed Income -Core	38.00%	41.5%	Collective Trust- Subadvised & Mutual Funds
US Fixed Income- Unconstrained	0%	0%	
US Fixed Income Short	0%	2%	Mutual Fund
Cash/Cash Equivalents	2%	0%	
Other	5%	4.5%	Mutual Fund (Exchange Traded REIT changed to mutual fund in Sept 2020)

## Expected Risk and Return by Asset Class

Source: Horizon Consulting Survey of Capital Market Assumptions: 2020 – 10-year time horizon

Asset Class	Expected Return	Standard Deviation	Source
US Equity Large Cap	6.16%	16.22%	Horizon
US Equity Small/Mid Cap	6.85%	20.22%	Horizon
Non-US Equity Developed	6.80%	18.05%	Horizon
Non-US Equity Emerging	7.85%	24.23%	Horizon
US Corporate Bonds – Core	2.60%	5.47%	Horizon
US Corporate Bonds – Long	2.70%	10.16%	Horizon
US Corporate Bonds – High Yield	4.90%	9.75%	Horizon
Non-US Debt – Developed	1.39%	7.02%	Horizon
Non-US Debt – Emerging	5.16%	10.97%	Horizon
US Treasuries (Cash Equivalents)	1.56%	1.78%	Horizon
TIPS (Inflation-Protected)	1.98%	6.05%	Horizon
Real Estate	5.75%	16.84%	Horizon
Commodities	3.19%	17.60%	Horizon
Inflation	1.97%	1.70%	Horizon

## Asset Class Returns as of 6.30.2020

### Asset Class Returns

As of June 30, 2020

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	
Best	Real Estate 35.27%	Emerging Markets 39.38%	Govt Int'l Treasury 34.11%	Emerging Stocks 75.51%	Real Estate 20.65%	Govt Int'l Treasury 29.11%	Emerging Markets 18.23%	Small Cap 22.21%	Real Estate 11.28%	Real Estate 4.23%	Small Cap 17.23%	Emerging Markets 27.28%	Cash 2.08%	Large Cap 31.49%	Government Treasury 21.29%	
	Emerging Markets 32.18%	Commodities 10.13%	Intl Bonds 11.48%	High Yield 52.24%	Small Cap 31.14%	Real Estate 9.34%	Mid Cap 17.66%	Mid Cap 23.50%	Government Treasury 23.77%	Large Cap 1.38%	Mid Cap 28.24%	Intl Stocks 25.21%	Intermediate Bond 0.03%	Mid Cap 24.20%	Intermediate Bond 6.14%	
	Intl Stocks 26.14%	Intl Bonds 11.38%	Intermediate Bond 3.64%	Mid Cap 37.38%	Mid Cap 26.64%	Intermediate Bond 7.84%	Real Estate 17.35%	Large Cap 32.31%	Large Cap 11.63%	Asset Allocation 12.14%	High Yield 17.34%	Large Cap 21.83%	Intl Bonds 1.67%	Real Estate 21.76%	Intl Bonds 1.21%	
	Small Cap 27.07%	Intl Stocks 21.37%	Cash 1.30%	Intl Stocks 31.78%	Emerging Markets 18.83%	Intl Bonds 3.93%	Intl Stocks 17.32%	Intl Stocks 23.78%	Asset Allocation 10.23%	Intermediate Bond 0.55%	Large Cap 11.96%	Mid Cap 16.24%	Government Treasury 1.44%	Small Cap 23.17%	Asset Allocation 0.08%	
	Large Cap 15.73%	Government Treasury 0.21%	Asset Allocation 22.69%	Real Estate 28.80%	Emerging Markets 16.81%	Asset Allocation 4.83%	High Yield 15.11%	Asset Allocation 13.22%	Mid Cap 9.77%	Cash 0.23%	Commodities 11.77%	High Yield 24.41%	High Yield 2.49%	Asset Allocation 23.18%	Cash 0.17%	
	High Yield 11.04%	Mid Cap 7.08%	High Yield 28.21%	High Yield 27.14%	High Yield 13.24%	High Yield 7.62%	Large Cap 16.00%	High Yield 7.38%	Intermediate Bond 0.91%	Intl Stocks -0.81%	Emerging Markets 11.19%	Asset Allocation 14.91%	Asset Allocation -2.35%	Intl Stocks 22.01%	Large Cap -3.08%	
	Asset Allocation 11.12%	Intermediate Bond 8.47%	Intl Bonds 13.72%	Large Cap 29.60%	Large Cap 15.06%	Large Cap 7.11%	High Yield 15.11%	Real Estate 11.86%	Large Cap 9.90%	Government Treasury 1.21%	Asset Allocation 8.31%	Intl Bonds 9.92%	Large Cap -8.28%	Emerging Markets 18.44%	High Yield -4.72%	
	Mid Cap 10.37%	Asset Allocation 6.27%	Commodities 19.61%	Commodities 18.40%	Asset Allocation 12.13%	Cash 0.16%	Asset Allocation 11.13%	Cash 0.06%	High Yield 12.41%	Mid Cap -2.18%	Real Estate 7.23%	Government Treasury 9.21%	Intl Bonds 4.61%	Government Treasury 14.83%	Emerging Markets -9.79%	
	Intl Bonds 6.84%	Large Cap 5.49%	Mid Cap -16.23%	Asset Allocation 18.40%	Government Treasury 12.91%	Mid Cap -1.73%	Intermediate Bond 4.21%	Intermediate Bond -2.57%	Intermediate Bond -2.57%	Cash 0.02%	Small Cap 4.41%	Intermediate Bond 1.85%	High Yield 7.88%	Small Cap 12.01%	High Yield 14.32%	
	Cash 4.76%	Cash 1.37%	Large Cap -27.69%	Intermediate Bond 5.93%	Intl Stocks 6.78%	Intl Bonds -1.14%	Govt Int'l Treasury 7.75%	Govt Int'l Treasury 2.55%	Emerging Markets -2.60%	Emerging Markets -2.19%	High Yield -4.15%	Intl Bonds 1.48%	Real Estate -4.18%	Mid Cap -11.08%	Intermediate Bond 6.73%	
	Intermediate Bond 4.14%	High Yield 17.17%	Real Estate -28.23%	Intl Bonds 1.84%	Intl Bonds 8.54%	Intl Stocks -12.14%	Intl Bonds 0.85%	Intl Bonds 2.26%	Intl Bonds 2.21%	Intl Bonds 4.84%	Intl Bonds 2.21%	Intl Bonds -1.73%	Government Treasury 1.21%	Intermediate Bond -11.26%	Commodities 7.59%	
	Commodities 2.67%	Small Cap 1.37%	Intl Stocks -43.38%	Cash 0.16%	Intermediate Bond 8.54%	Commodities 13.32%	Cash 0.09%	Commodities 0.32%	Intl Stocks -4.40%	Emerging Markets -14.92%	Intl Stocks 1.03%	Commodities 1.76%	Intl Stocks -13.76%	Intl Bonds 3.23%	Real Estate -33.27%	
Worst	Government Treasury 1.81%	Real Estate 10.55%	Emerging Markets -53.33%	Govt Int'l Treasury 12.92%	Cash 7.11%	Emerging Markets -18.41%	Commodities 11.96%	Government Treasury -12.56%	Commodities 17.02%	Commodities 29.56%	Cash 0.17%	Cash 0.17%	Cash 0.17%	Emerging Markets -14.58%	Cash -2.22%	Commodities -15.48%

The returns above reflect performance of certain indexes as defined below. This information is general in nature and is not intended to be reflective of any specific plan. Cash- FTSE 3 month T-bill, Government Treasury-Bidgarc Long Treasury, Commodities-Bloomberg Commodity Idx, Intermediate Bond-Bidgarc US Agg Bond Idx, High Yield Bond-ICE BofAML High Yield Idx, Intl Bonds-JPMorgan GBI Global ex U.S., Asset Allocation-portfolio assumes the following weights: 50% S&P 500 and 10% Bidgarc US Agg, Large Cap-S&P 500, Mid Cap - S&P Midcap 400, Small Cap-Russell 2000, Intl Stocks-MSCI EAFE (Intl), Emerging Markets-MSCI EM (Net), Real Estate-Wishare U.S. REIT.

**Considerations:**

- Recommend that the portfolio allocation drive the assumed return for the portfolio.
- Incorporate system specific criteria into the strategic asset allocation, such as current funded status, liquidity needs for benefit payments, the difference between short-term inflows and outflows the revised long-term return on asset number, and current capital markets assumptions.
- Recommend reviewing the fixed income asset allocation and consider adding the ability to invest in additional fixed income categories such as unconstrained bond, Inflation protected bonds, high yield bond and liability driven investing funds to capture yield.

**Objective 2c: Selection and Valuation of Alternative and Illiquid Assets**

**Documents reviewed:**

- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- CCRTA Employee Defined Benefit Plan Statement of Investment Policy Adopted August 1, 2012 reaffirmed 2017
- Interview with M. Sandy Roddel & Robert Saldaña, CCRTA and Maggie Cauffiel, Findley (October 5)
- Interview with Lisa Keckler & Chris Koeller, Wells Fargo and Maggie Cauffiel, Findley (October 8)

**Finding details:**

- The investment policy statement provides for the inclusion on REITs and Diversified Commodities in the Portfolio and the investment manager determines the percentage for investment in these alternative investments.
- The alternative investments were selected through the Wells Fargo Investment Institute and Global Research Group Investment Selection Process. The Global Manager Research Group evaluates all asset classes across the entire Wells Fargo Universe. The evaluation process is driven by data and includes both quantitative and qualitative measures to produce a select list. As favor or opinion about an asset class changes, it is communicated to all Wells Fargo Investment Team Members and may factor into changes at the client level.
- In September 2020, the Wells Fargo Relationship Manager made a change to the REIT and made the change from an exchange traded fund to a mutual fund.
- The alternative investments are value daily at Net Asset Value ("NAV"). Both funds are compared to their appropriate index and a specific fund fact sheet is included in each performance report.
- The investment in alternative investments is not inappropriate based upon the size of the portfolio.
- The current alternative investments are liquid, and the manager does not need to utilize alternative methodologies.

ALPS/CorCmnty Mgmt CmpltCmnty Strat I

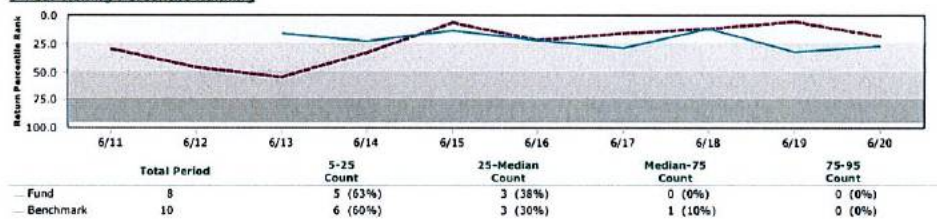
As of June 30, 2020

Fund Information		Top Ten Securities		Fund Characteristics
Product Name :	ALPS/CorCmnty Mgmt CmpltCmnty Strat I	United States Treasury Notes 0.63%	27.11 %	No data found.
Fund Family :	ALPS	Clit Tr/Cc Crb 3m Fwd Trs	17.70 %	
Ticker :	JCRIX	MI Tr/Cc Crb 3m Fwd Trs	14.72 %	
Peer Group :	Commodities Broad Basket	Ubs Tr/Cc Crb 3m Fwd Trs	14.27 %	
Benchmark :	57% Bloomberg Commod/33% S&P Gbl Nat Res	United States Treasury Notes 0.13%	13.29 %	
Class Inception :	06/29/2010	United States Treasury Notes 1.25%	12.33 %	
Portfolio Manager :	Hyman,R	Soc Gen Tl Tr/Cc Crb 3m Fwd Trs	8.36 %	
PM Tenure :	10 Years	Ubs Tr/Cc Crb 3m Fwd Trs	-13.68 %	
Total Assets :	\$476 Million	MI Tr/Cc Crb 3m Fwd Trs	-14.15 %	
Total Assets Date :	07/31/2020	Clit Tr/Cc Crb 3m Fwd Trs	-16.97 %	
Gross Expense :	1.14%	<b>Total</b>	<b>62.98 %</b>	
Net Expense :	1.14%			

Trailing Performance

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	Calendar Year Performance						
									2019	2018	2017	2016	2015	2014	2013
Fund	13.71	-20.68	-18.29	-4.93	-6.03	-3.45	-3.43	06/2010	11.31	-14.32	4.78	15.97	-21.62	-16.68	-5.70
Benchmark	10.19	-19.05	-16.86	-3.99	-4.69	-3.29	-3.44		10.89	-11.57	8.26	18.53	-24.19	-14.55	-5.90
Peer Group Average	8.37	-20.17	-17.97	-5.67	-7.38	-5.88			9.10	-12.43	3.36	12.45	-24.07	-18.32	-8.77

3 Year Rolling Percentile Ranking



Considerations:

- Review the rationale for inclusion of one/both these asset classes in light of current and future market expectations, especially with increased risks in Real Estate due to COVID.
- Although both classes represent a small percentage of the plan, we recommend a deep dive on each fund to determine the risk/reward of maintaining, adding to or eliminating the fund.

Objective 2d: Future Cash Flow and Liquidity Needs

Documents reviewed:

- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- CCRTA Employee Defined Benefit Plan Statement of Investment Policy Adopted August 1, 2012 reaffirmed 2017
- Findley CRTA Actuarial Review 5.22.2019
- Findley CRTA GASB Actuarial Report 12.31.2019
- Findley 2019 Actuarial Report 12.31.2019
- Benefit Payment Projections for the next 10 years (Findley)
- Market Value of Assets and Annual Portfolio Return by Year and Long-Term Return on Asset Assumptions (Findley)
- Pension Management Statement for Employee's Defined Benefit Plan (CCRTA Website)

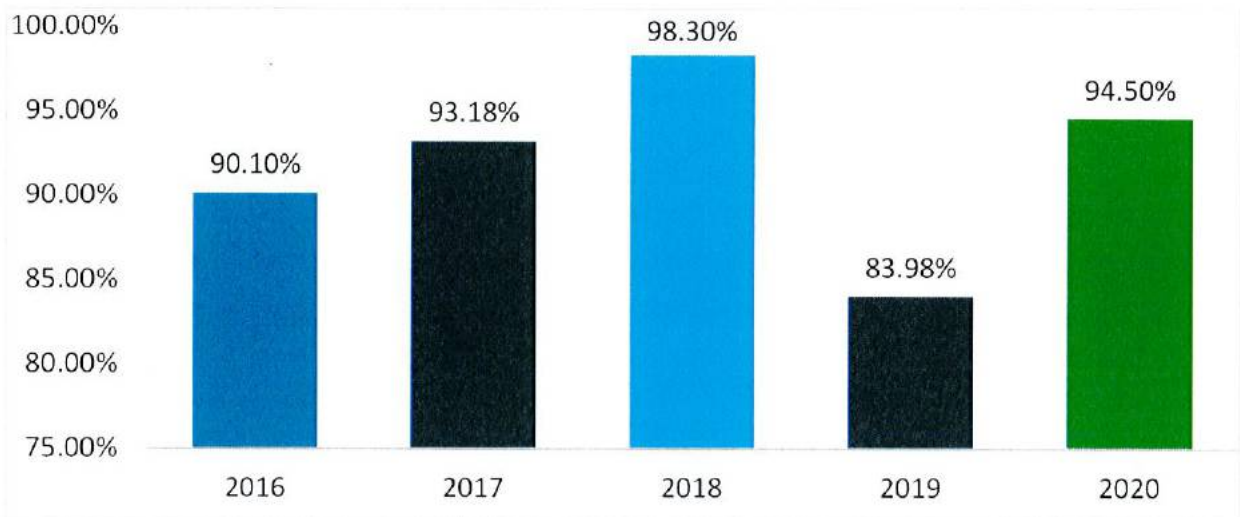
Finding details:

- The plan's anticipated future cash flow needs are determined by the actuary on an annual basis.
- The annual contribution is estimated by staff (prior to receipt of the actuarial report mid-year) to allow for contributions to be made early in the year. This saves the plan interest charges and enables the

investment managers to deploy capital during favorable market conditions. If the staff's estimate is less than the actual contribution amount determined by the actuary, than an additional contribution with interest will be required later. If the estimate is higher than the actual, the excess amount will be applied to future years.

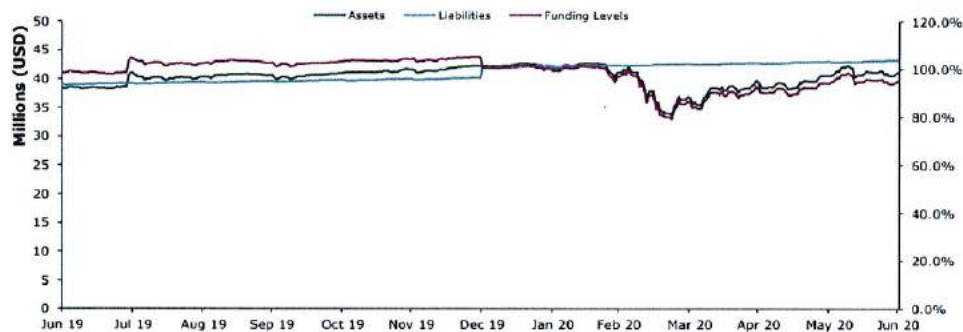
- The Benefit Payments for the next years ranges from \$2.4M in 2020 to \$3.6M in 2030 or a total of \$35M over the next 10 years. This is larger than in the past decade.
- A review of assets and liabilities occurred in 2019.

### CCRTA Pension Plan Funding Percentage



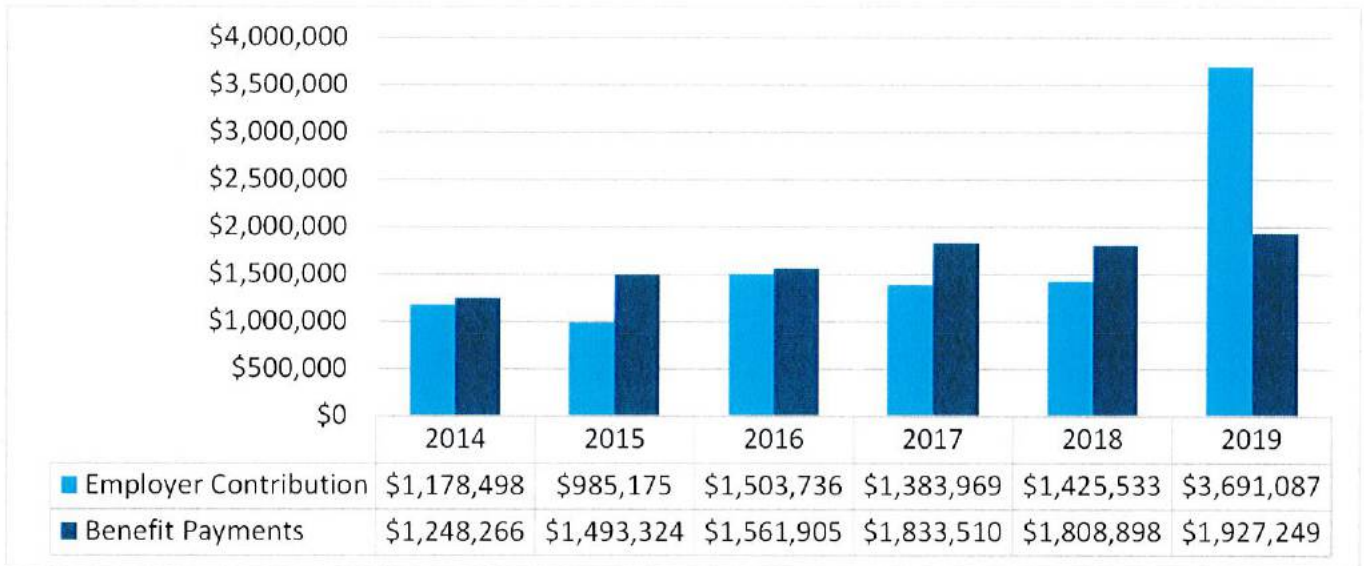
### Funded Status

	6/30/2019	3/31/2020	6/30/2020	Quarter on Quarter Change	Year on Year Change
<b>Assets (USD)</b>	38,358,964	36,763,117	41,168,667	4,405,550	2,809,703
<b>Liabilities (USD)</b>	39,025,628	42,611,372	43,260,850	649,478	4,235,222
<b>Surplus / Deficit (USD)</b>	(666,664)	(5,848,256)	(2,092,183)	3,756,072	(1,425,519)
<b>Funding level</b>	98.29%	86.28%	95.16%	8.89%	(3.13%)
<b>Single equivalent discount rate</b>	7.404%	7.301%	7.302%	0.001%	(0.102%)

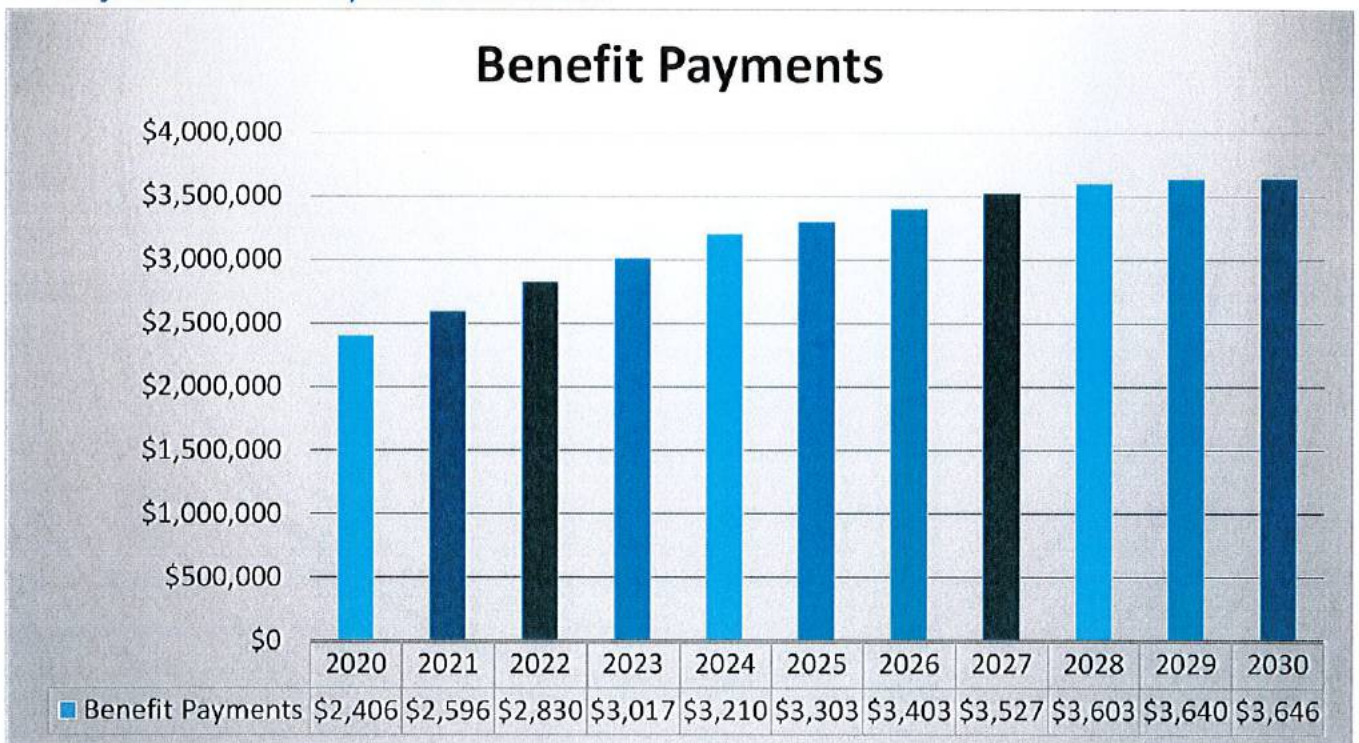


Source Wells Fargo Performance Report 6.20.2020

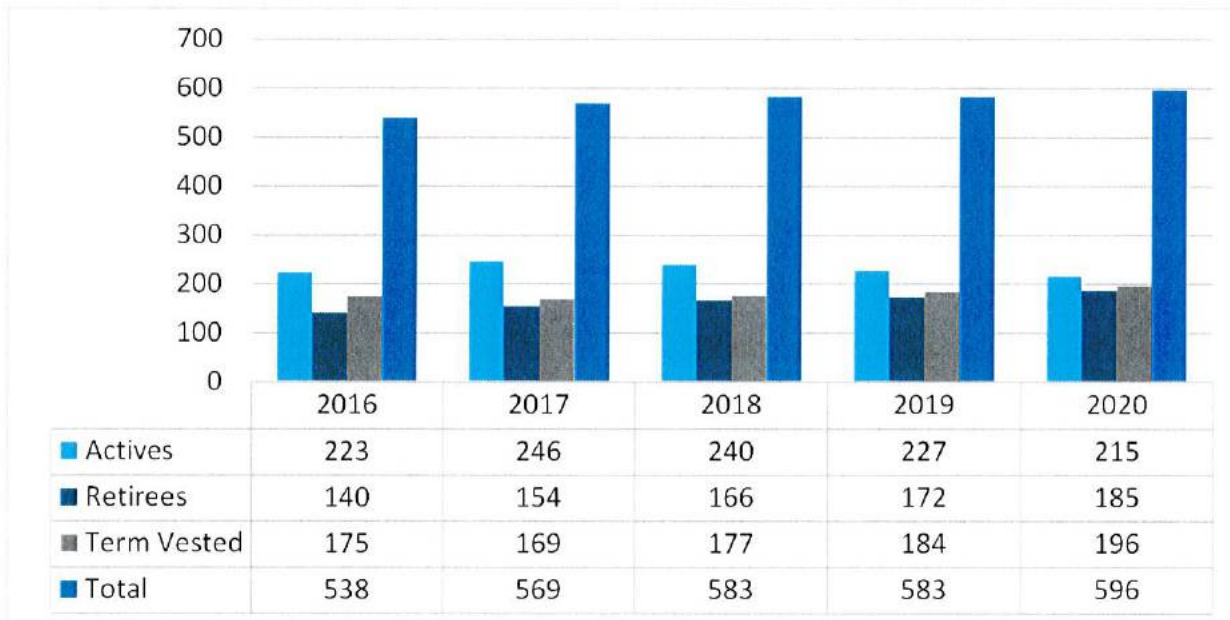
### CCRTA Contributions vs Benefit Payments



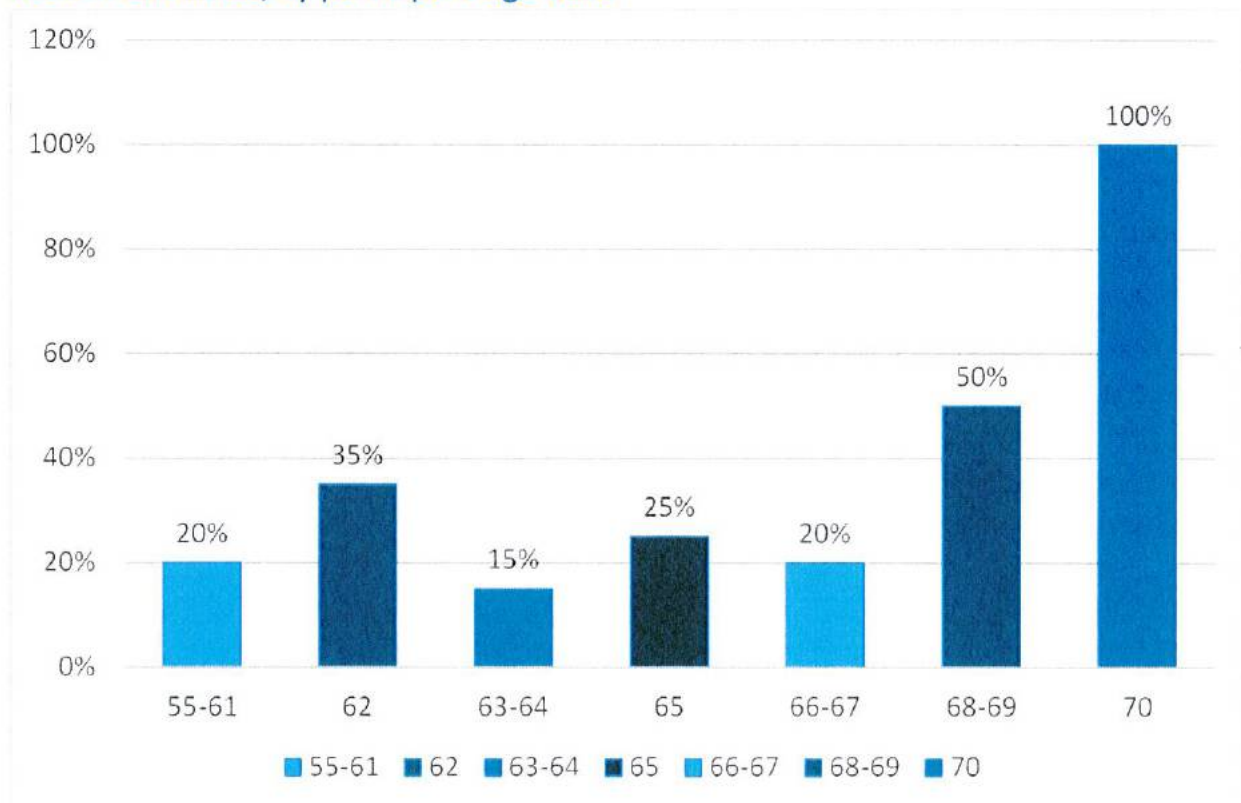
### Projected Benefit Payments in millions



**Participant Trends**



**Retirement Rates, by participant age band**



**Considerations:**

- Review the investment policy statement and broaden the strategic allocation to Cash/Cash Equivalents in light of the increasing projected benefit payments over the next decade.
- Consider Stable Value Funds available for defined benefit plans for Cash Equivalent.
- Incorporate system specific issues into the asset allocation process including actual retirement rates by age, projected benefit payments for the next decade and projected cash contributions.

**Objective 3: Appropriateness of Investment Fees and Commissions**

**Documents reviewed:**

- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- CCRTA Employee Defined Benefit Plan Statement of Investment Policy Adopted 8.1.2012, reaffirmed 2017
- Wells Fargo Service Agreement July 2012
- Wells Fargo Fee Schedule July 2012
- Market Value of Assets and Annual Portfolio Return by Year and Long-Term Return on Asset Assumptions (Findley)
- Morningstar Universe: Average Mutual Fund Costs per asset class
- 2019 NCPERS Public Retirement Systems Study, January 22, 2020

**Finding details:**

- We did not review any policies that describe the management and monitoring of expenses.
- The CCRTA has hired the Findley Special Project Team to Benchmark the investment manager with a decision sometime in 2021 for implementation or confirmation in 2022.
- All forms of compensation are disclosed by the investment manager in their service agreement and service agreement amendments.
- Wells Fargo reports underlying fund expense ratios and average asset class expense ratios quarterly as part of the Performance Summary of the Quarterly Performance Report shared with the Board.
- All Mutual Fund, Collective Trust and Separate Account fees are deducted daily from NAV or Unit Value.
- The current plan average weighted expense ratio is 0.29% + Wells Fargo Investment Management Fee 0.30 % for a total plan expense of 0.59%, within industry tolerances for a plan of the RTA's size. Lower than the 0.66% for a hybrid portfolio and average investment management fees of 0.55% reported in the NCPERS 2019 Study.
- The system currently uses zero revenue shares, institutional shares, collective trust funds, and index funds to keep the investment costs of the plan low.
- The alternative investments (REIT and Commodities) are both liquid investments (mutual fund and exchange traded fund) so there is no need for an attorney to review alternative valuation methodologies.

**EXPENSE ILLUSTRATION**

Asset Class	Assets	Expense Ratio	Weighted Expense	Median Morningstar Avg *
<b>US Large Cap Value</b>				
<i>Wells Fargo MFS Value CIT F</i>	\$1,495,396	0.37%	\$5,532.97	0.61%
<i>Wells Fargo T. Rowe Price Institutional Equity Income Managed CIT F</i>	\$940,795	0.39%	\$3,669.10	0.61%
<b>US Large Cap Blend:</b>				
<i>Wells Fargo BlackRock S&amp;P 500 Index CIT F</i>	\$4,726,649	0.012%	\$472.66	0.06%
<b>US Large Cap Growth</b>				
<i>Wells Fargo T. Rowe Price Institutional Large Growth Managed CIT F</i>	\$1,522,382	0.32%	\$4,871.62	0.70%
<i>Wells Voya Large Growth CIT F</i>	\$1,001,131	0.41%	\$4,104.64	0.70%
<b>US Mid Cap Blend</b>				
<i>Wells Fargo BlackRock S&amp;P Mid Cap Index CIT F</i>	\$4,210,452	0.03%	\$1,263.14	0.10%
<b>US Small Cap Blend</b>				
<i>Wells Fargo Multi-Manager Small Cap CIT F</i>	\$2,512,732	0.61%	\$15,327.67	0.74%
<b>International</b>				
<i>Wells Fargo Causeway International Value CIT F</i>	\$819,845	0.55%	\$4,509.15	0.73%
<i>Wells Fargo Lazard International Equity CIT F</i>	\$752,687	0.68%	\$5,118.27	0.73%
<i>American Funds EuroPacific Growth R6</i>	\$884,748	0.46%	\$4,083.64	0.70%
<i>Wells Fargo Blackrock International Equity Index CIT F</i>	\$1,688,541	0.06%	\$1,013.12	0.12%
<b>Emerging Markets</b>				
<i>Invesco Oppenheimer Developing Mkts R6</i>	\$761,785	0.83%	\$6,322.82	0.91%
<i>Acadian Emerging Markets I</i>	\$749,626	1.25%	\$9,370.33	0.91%
<b>US Fixed Income -Core</b>				
<i>Metropolitan West Total Return Bond I</i>	\$4,310,045	0.44%	\$18,964.20	0.33%
<i>Wells Fargo Dodge &amp; Cox Int. Bond CIT F</i>	\$3,438,392	0.18%	\$6,189.11	0.33%
<i>Wells Fargo Federated Total Return Bond CIT F</i>	\$3,446,052	0.17%	\$5,858.29	0.33%
<i>Wells Fargo Core Bond CIT F</i>	\$6,417,487	0.17%	\$10,909.73	0.33%
<b>US Fixed Income Short</b>				
<i>Wells Fargo Blackrock Short-Term Investment Fund CIT F</i>	\$848,511	0.08%	\$678.81	0.32%
<b>Other</b>				
<i>ALPS/CorCmdty Mgmt CmpltdCmdty Strat 1</i>	\$1,041,114	1.14%	\$11,857.30	
<i>Vanguard Real Estate Index Admiral Fund</i>	\$847,675	0.12%	\$1,017.21	
<b>TOTAL</b>	<b>\$42,416,174</b>	<b>0.29%</b>	<b>\$121,133.78</b>	

\*Source Morningstar 2019 U.S. Fund Fee Study as of 12.31.2019

**Considerations:**

- Incorporate benchmarking of all providers every 3-5 years.
- Document the process for determining the reasonableness of all fees.
- Incorporate language in the investment policy statement for procedures for monitoring fund level, portfolio level and plan level expenses.

**Objective 4: Governance Review**

**Documents reviewed:**

- CCRTA Bylaws – 10.09.13
- Interview with M. Sandy Roddel & Robert Saldaña, CCRTA and Maggie Cauffiel, Findley (October 5)
- Interview with Lisa Keckler & Chris Koeller, Wells Fargo and Maggie Cauffiel, Findley (October 8)
- CCRTA website
- Board meeting minutes: 10/12/2016, 1/3/2018, 2/7/2018, 3/7/2018, 4/4/2018, 5/2/2018, 6/6/2018, 7/11/18, 8/1/18, 9/5/2018, 10/3/2018, 11/7/2018, 12/5/2018, 1/2/2019, 2/6/2019, 3/6/2019, 4/3/2019, 4/26/2019 (draft), 5/1/2019, 5/22/2019, 6/5/2019, 7/1/2019, 8/7/2019, 9/4/2019, 10/2/2019, 11/6/2019, 12/4/2019, 1/2/2020, 1/8/2020, 2/5/2020, 3/4/2020, 4/1/2020, 5/6/2020, 6/3/2020, 7/1/2020, 8/5/2020, 9/2/2020
- Administration & finance meeting minutes: 1/23/2018, 2/7/2018, 3/28/2018, 4/25/2018, 6/27/2018, 7/25/2018, 8/22/2018, 1/23/2019, 2/27/2019, 4/24/2019, 5/22/2019, 6/26/2019, 7/24/2019, 8/28/2019, 1/22/2020, 2/26/2020, 4/22/2020, 5/27/2020, 6/24/2020, 8/26/2020
- CCRTA Statement of Investment Policy – Adopted 8/1/2012, reaffirmed 8/2/2017
- Committee Appointments restructure memo & 2016 Committee restructure - 10/12/2016
- LinkedIn profiles of board members
- Anne Bauman biography
- Glenn Martin resume
- PRB-2000 reports: 9/27/2018, 5/6/2019 8/25/2020
- PRB Training as of 10/15/2020, CCRTA records
- Email from Benjamin Warden to Dena Linnehan – 6/18/2020 Subject: CORE & CE Hours for Board Members – Current Status

**Finding details:**

**TRANSPARENCY:**

- The bylaws serve as a written governance for the CCRTA. Sub-committees are established by board resolution and the Administration & Finance committee is responsible for pension oversight. Governance responsibilities are delegated in the investment policy statement.
- Favorable: Section 5.06 of the bylaws indemnifies board members if acting in good faith.
- Incidental: Special meetings of the board may be called with notice delivered personally, by mail or by telegram.
- The CCRTA website has a section devoted to pension information under the financial transparency page.

- Overview of EDBP – The overview document references links to two documents to understand the differences between the DB (defined benefit) and DC (defined contribution) plans.
- Investment Methodology and Investment Policy – The asset allocation excerpt of the investment policy statement as of 12/31/2014 is provided. The expected annual return is listed as 7.5%; the plan has since adopted a schedule for lowering the expected annual return by 10 bps each year until 7.0% is achieved. The fixed income maturity provided is as of 12/31/2014.
- Funded Ratios and Plan Additions and Deductions pages report data through 12/31/2015.
- The board meets monthly. Pension was reviewed at the December 2018, March 2019, April 2019 (board retreat), June 2019, November 2019, February 2020 and September 2020 at the full board meeting. The full board agendas for are available to the public on the CCRTA website and include the prior meeting minutes.
- The administration and finance committee meets monthly. Pension was discussed at the August 2018, May 2019, June 2019, July 2019, September 2019, August 2020 and September 2020 administration & finance committee meeting. The agendas are available to the public on the CCRTA website and some include prior meeting minutes.
- The meeting minutes for both the board and administration & finance committee are sufficiently detailed.

#### **INVESTMENT KNOWLEDGE/EXPERTISE:**

- The CCRTA board is comprised of the following individuals. \* denotes Administration & Finance Committee member.
  - Eddie Martinez, Insurance Agent at Allstate – [Allstate page](#)
  - \*Mike Reeves, Sales Executive at Heil of Texas - [LinkedIn](#)
  - Dan Leyendecker, Managing Principal at LNV, LLC - [LinkedIn](#)
  - \*Lynn Allison, Public Information Manager at Flatiron | Dragados LLC - [LinkedIn](#)
  - Anne Bauman, transportation industry and community activist
  - \*Eloy Salazar, Owner at Salazar Investments - [LinkedIn](#)
  - \*Patricia Dominguez, Dean of Outreach & Enrollment Services at Del Mar College - [LinkedIn](#)
  - Anna Jimenez, Attorney at RPDO - [LinkedIn](#)
  - \*Glenn Martin, Owner at Woody's Sports Center
  - Philip Skobarczyk, President & CEO at Fulton Coastcon - [Biography](#)
  - Matt Woolbright, Wealth Management Advisor at LotusGroup Advisors - [LinkedIn](#)
- All board members are required to complete Texas Pension Review Board's Minimum Educational Training within the first year of service, which includes the following topics:
  - Benefits administration
  - Risk management
  - Ethics
  - Governance
  - Actuarial Matters
  - Fiduciary Matters
  - Investments
- The Assistant to the CEO tracks board member compliance with educational requirements. Pension Review Board Form PRB-2000 is reported to the PRB at least annually to track all classes attended

online. Board members must complete 4 hours of CE every two years following their first year of service.

- New board members must complete the Minimum Educational Training within their first year of service. Several board members were delinquent in completing their initial training modules and have since completed them. There is also an orientation for new board members, which includes ethics.
- Nine board members have satisfied the initial training program; one is still within the window to complete the initial training. One board member is past due on Core Minimum Required Training. Nine board members are current on their CE requirements; two board members are past due on their CE requirements.
- At the annual board retreat, an attorney reviews ethics and the CEO talks about the role of a board member.
- Wells Fargo serves as a discretionary trustee and external investment consultant, acting on a discretionary basis.
- Wells Fargo is a party-in-interest for many of the plan investments. 79.7% of the plan assets are held in collective investment trusts to which Wells Fargo is a party-in-interest.
- An RFP for investment consultant services was last conducted in 2012. Industry best practice suggests that this due diligence should be conducted every 3-5 years. The CCRTA has engaged Findley to conduct the investment consultant RFP with an expected effective date of 1/1/22.

#### **ACCOUNTABILITY:**

- The Board of Directors consists of eleven appointed individuals from the City of Corpus Christi (five appointed members), Nueces County (three appointed members), Small Cities Committee of Mayors (two appointed members), and the Board Chair (Board appointed). The board chair then designates the board members into two committees – (1) Administration and Finance and (2) Operations & Capital Projects.
- The plan's investment policy statement indicates that the board of directors has delegated the authority for administering and managing the Plan's assets to the RTA Audit, Finance, Health and Pension subcommittee. That subcommittee no longer meets; it is now the Administration & Finance committee. The board committee establishes the investment policy statement, which includes the prescribed asset allocation for the portfolio. The IPS clearly outlines this. Aside from the subcommittee name change, the board is consistent with the use of this delegation of authority.
- Currently the board measures effectiveness of the investment program by periodically reviewing investment performance from the outside consultant Wells Fargo. There is an opportunity to have a procedure in place to review the effectiveness of the investment program, including reviewing the board's performance and outside consultant effectiveness (beyond investment performance reporting).
- There are 23 board policies. If a change is required, CCRTA will consult with Wells Fargo. Wells Fargo is rebalancing the portfolio monthly to maintain compliance with the investment policy.
- Wells Fargo produces monthly and quarterly reports. There is also an annual summary. Wells Fargo presents to the full board semi-annually and is willing to meet more frequently, if needed.
- Governance processes are reviewed a minimum of annually.

#### Considerations:

- Establish a committee charter for the Administration & Finance committee that includes specific roles and responsibilities for the committee as it pertains to the pension plan.
- Facilitate more strategic plan management conversations with the Administrative and Finance committee.
- Update the CCRTA Website/Financial Transparency/Pension Information on an annual basis.
- Update the Investment methodology and Investment Policy to include the full investment policy statement.
- Update the investment policy statement to reflect the current governance structure (Administration & Finance Committee).
- Review investment policy statement annually with board of directors.
- Maintain accountability for completing minimum training requirements for board members – both initial core training and continuing education.
- Consider establishing a procedure (ex. scorecard) to evaluate the effectiveness of the board, internal staff and outside consultants.
- Document due diligence to ensure that parties in interest (ex. Wells Fargo) are providing unbiased advice.

#### Objective 5: Investment Manager Selection and Monitoring Process

##### Documents reviewed:

- WF Performance Report 3.31.2020, 6.30.2020 and 9.30.2020
- CCRTA Employee Defined Benefit Plan Statement of Investment Policy Adopted August 1, 2021 reaffirmed 2017
- Findley CCRTA Actuarial Review 5.22.2019
- Findley CCRTA GASB Actuarial Report 12.31.2019
- Findley 2019 Actuarial Report 12.31.2019
- CCRTA Board of Directors Meeting Minutes February 5, 2020
- Interview with M. Sandy Roddel & Robert Saldaña, CCRTA and Maggie Cauffiel, Findley (October 5)
- Interview with Lisa Keckler & Chris Koeller, Wells Fargo and Maggie Cauffiel, Findley (October 8)

##### Finding details:

- The CCRTA is responsible for selecting and monitoring investment managers.
- The CCRTA delegates the search for investment managers to outside firms. They rely upon the outside firm's expertise for the selection criteria to identify potential candidates and the criteria to determine the final candidate. This delegation to an outside independent party addresses ethical considerations and eliminates potential conflicts of interest for board members and investment managers.
- The selection criteria for identifying and finally selecting candidates includes identification of whether the investment manager will act as a discretionary investment manager, evaluation of parties in interest and/or potential conflicts of interest, Assets Under Management, number and type of clients served, experience with pension plans, experience of the team that will be responsible for CCRTA, the investment management process and philosophy, investment reports, investment performance and finally cost.
- CCRTA Finance Director and Managing Director of Administration are responsible for reviewing investment manager contracts and signing any final service agreements.

**CONSENT ITEM  
ATTACHMENT B**

- The process for monitoring individual and overall performance is to compare the portfolio and each individual fund to their appropriate benchmark over the current quarter, year to date, 1 year, 3 years, 5 years, 10 years and since inception if available. In addition, the Morningstar Rating for each fund is included in the Performance Summary.
- Wells Fargo provides quarterly performance reports to the Board that include portfolio and individual fund performance for the CCRTA Pension Plan.
- The Benchmark (38%BCAg/2.5%BBTR/2%i3moTB/15%AllCountryWxUS/10%R2000/10%RMid/20%SP500/2.5%WRE) is used to measure portfolio performance. This benchmark was reviewed and updated in January 2014. Individual Funds are benchmarked to individually appropriate benchmarks (see chart below).
- Quarterly Performance Reports are emailed to CCRTA and provided to the Board. The investment managers present to the full board semi-annually with most recent attendance in person at the February 4, 2020 meeting and virtually at the September 02, 2020 meeting.
- The reports include the current quarter Market Review (Equities and Fixed Income), current quarter US and International Economic Overview, current quarter Economic and Market Forecasts from Wells Fargo Investment Institute, Index Definitions for all asset classes, Cash Flow Results, Portfolio Asset Allocation Chart for the current quarter, Investment Policy Summary which compares the Actual Allocation by asset class to the target allocation, Asset Allocation Report which includes market value of each fund and current allocation compared to target allocation, Performance, Portfolio Performance and Individual Funds Performance Compared to Benchmarks, Funded Status, Risk Disclosures and Individual Fund Fact Sheets for each offering.
- The reports are presented in a digestible format and are designed for differing levels of investment knowledge and expertise.
- Underlying individual fund performance is reviewed net of fees quarterly. The Net of fees performance is reviewed against benchmarks quarterly and is included in the Performance Summary section of the report.

Asset Class	Benchmark
Portfolio	(38%BCAg/2.5%BBTR/2%i3moTB/15%AllCountryWxUS/10%R2000/10%RMid/20%SP500/2.5%WRE)
US Large Cap Value	Russell 1000 Value Index
US Large Cap Blend	S & P 500 Index
US Large Cap Growth	Russell 1000 Growth Index
US Mid Cap Blend	S & P MidCap 400 Index
US Small Cap Blend	Russell 2000 Index
International Equities	MSCI AC World ex USA (net) MSCI EAFE (net)
Emerging Markets	MSCI Emerging Markets Index (net)
US Fixed Income -Core & Total Return Bond	Bloomberg Barclays US Aggregate Index
Commodities & Natural Resources	67% Bloomberg Commodities Index/33% S&P GNRS Index
REIT	MSCI US REIT Index
Cash/Cash Equivalents	FTSE 3 Month T- Bill

Considerations:

- Document the manager selection, monitoring and replacement process currently utilized by Wells Fargo Global Research and implemented by the Wells Fargo Relationship Manager.

## Disclosure by Independent Firm

### Summary Outlining the Qualifications of the Firm:

Strategic Retirement Partners (SRP) is a specialist, our core business is retirement plan consulting. We are a firm built by retirement consultants and the majority of our revenue is derived from serving our retirement plan clients. We have a unique focus in the retirement advisor industry in that we focus on companies that have more than one retirement plan. As such, one of our favorite areas of the retirement plan market is Pension or Defined Benefit (DB) plans.

Our core competencies are high quality investment due diligence, fiduciary risk management and plan design consulting. Our difference is our approach based on sharing best practices, providing clarity, fee transparency and portfolio construction. As a result of this focus, we are often hired for project work to help plan sponsors solve a particular problem or offer a second opinion.

As a dedicated retirement plan consulting firm, our firm has ongoing consulting relationships with 794 plans and conducts at 1,500+ investment performance evaluations each year. The core of our practice is built around helping our clients implement fiduciary best practices, as evidenced by our CEFEX certification. For more information about the Centre for Fiduciary Excellence certification, please visit <https://youtu.be/4TBFaHHGhow>.

### Statement indicating the nature of any existing relationship between the firm and the firm being evaluated:

There are no existing relationships between Strategic Retirement Partners and Corpus Christi Regional Transportation Authority.

### List of the types of remuneration received by the firm from sources other than the retirement system for services provided to the system:

None.

### Statement acknowledging that the firm, or its related entities, is not involved in directly or indirectly managing investments of the system:

Neither Strategic Retirement Partners nor its related entities is involved directly or indirectly managing investment of the system.



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Adopt a Resolution to Approve a Change to the Investment Policy, Designation of the Investment Advisor and List of Approved Brokers/Dealers

### **Background**

In accordance with Section 2256.005 of the Texas Government Code ("Public Funds Investment Act"), the Board of Directors of the Corpus Christi Regional Transportation Authority shall annually:

- Review and adopt an investment policy that governs investing Authority Funds (This policy ***excludes*** pension funds, which have a separate policy)
- Designate the Investment Advisor
- Approve a list of broker/dealers

The CCRTA investment policy enhances the quality of decision making and demonstrates a commitment to the fiduciary care of the Authority's funds. The document was adopted by the governing body of CCRTA and is required to be reviewed and updated annually.

This policy was last approved by Resolution on ***December 4, 2019*** by the Board of Directors. The new proposed Resolution for adoption is included as part of this document.

The Investment Policy defines the parameters in which funds are to be managed to ensure that the investment strategies exercised are effective and utilized to the best interest of the CCRTA.

Because the investing environment is driven by complex regulatory and market forces, that requires daily attention, CCRTA has continued to opt for a professionally managed investment portfolio through the services of an Investment Advisor. Patterson & Associates, a SEC-registered Investment Advisor, is currently serving the Authority under a 1-year Professional Agreement which expires on December 31, 2020. Staff is in the process of preparing the necessary documents to retain Linda Patterson through December 31, 2021.

### **Investment Definitions**

- **US Treasury Obligations:** Treasury Notes and Bills with full faith and credit of the US Government meaning its taxing ability
- **US Agencies:** obligations of the US Government's agencies such as FNMA and FHLMC, these carry the implicit guarantee of the US Gov't
- **Money market mutual funds:** securities where funds are pooled for investment under a strict policy and the goal is to return \$1 for each \$1 invested with interest
- **Local pools:** operated like money market funds these are created under the Inter-Local Cooperation Act

## CONSENT ITEM

- **Commercial paper:** short term debt of a corporation must be rated A1/P1 by two nationally recognized rating agencies
- **State and local debt:** debt issued by local or state governments rated A minimum
- **Bankers' Acceptances:** created on international trade, represents an obligation of two banks being used in the trade process
- **Repurchase Agreement (repo):** an investment of cash backed by collateral which CCRTA buys and the sells back after set time – a flex is a longer term repo used strictly for CIP funds providing a set rate but total w/draw flexibility
- **Certificates of deposit:** time deposits placed in a bank in Texas, insured by FDIC or collateralized per CCRTA policy
- **Book value:** the value of a security in the portfolio representing purchase cost and any amortization or accretion as the security moves to maturity
- **Market value:** the value at which the security could be sold on a free and open market
- **Beginning and ending values:** the book and market values at the beginning and end of the reporting period
- **DVP:** process when buying a security – CCRTA never releases its money until the security is held by the custodian

### Identified Need

The Texas Legislature approves amendments to Chapter 2256 of the Government Code, known as the Public Funds Investment Act (PFIA) from time to time. One of the recent changes deal with the extension of the stated maturity date not to exceed 270 days for Commercial Paper instruments. The maximum maturity is 270 days because the SEC requires formal registration of a security with maturities great than 270 days. Commercial Paper is a money-market security issued short-term debt obligation that is backed only by an issuing institutions to pay the face amount on the maturity date specified on the note. CCRTA's Investment Policy requires only Commercial Paper rated A1/P1 or equivalent by at least two nationally recognized rating agencies. The A1/P1 is considered top-tier paper minimizing credit risk.

The maximum maturity is currently stated at 90 days. Linda Patterson from Patterson & Associates is recommending that the maximum maturity be extended "not to exceed 270 days."

Ms. Linda Patterson is the Authority's Designated Advisor and there are no changes to the List of Approved Brokers/Dealers.

### Board Priority

This item aligns with the Public Image and Transparency.

### Committee Review

This item was presented and approved at the Administration & Finance Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of Directors to Adopt a Resolution to Approve a Change to the Investment Policy, Designation of the Investment Advisor and List of Approved Brokers/Dealers.

Respectfully Submitted,

Submitted by: Marie Sandra Roddel  
Director of Finance

Reviewed by: Robert M. Saldaña  
Managing Director of Administration

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
BOARD POLICY**

**INVESTMENTS - 2020**

**POLICY STATEMENT**

**Section 1. Statement.**

This Investment Policy is authorized by the Board of Directors of the Corpus Christi Regional Transportation Authority (the "CCRTA") in accordance with Chapter 2256 of the Texas Government Code: The Public Funds Investment Act (the "Act").

**Section 2. Scope of Policy.**

This Investment Policy applies to investment transactions of the CCRTA operating and capital funds, including sales tax revenues. This Policy does not apply to the investment of assets accrued for the purpose of funding employee retirement benefits or programs, nor does it apply to trustee or escrow funds which are invested in accordance with their respective contracts or escrow agreements.

These funds are defined in the CCRTA's Comprehensive Annual Financial Report and include all governmental, proprietary, and bond funds and any other new funds created unless specifically exempted by the Board.

**Section 3. Policy Objectives.**

The CCRTA investment program shall be managed and invested with four primary objectives listed below, in priority order. Investments are to be chosen in a manner which promotes diversity among market sectors and maturities. The use of high-grade governmental securities and high credit quality money market securities is designed to assure the marketability of those securities should liquidity needs arise. Investment decisions shall not incur unreasonable investment risks in order to obtain investment results.

- (a) Preservation and Safety of Principal. Safety of principal is the foremost objective. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. Each investment transaction shall seek first to ensure that capital losses are avoided, whether resulting from security default or erosion of market value.
- (b) Liquidity. The investment portfolio will retain sufficient liquidity to enable the CCRTA to meet all operating requirements which can be reasonably anticipated. Cash flow analysis will be utilized to continuously monitor cash flow changes and guide investment decisions.
- (c) Diversification. The CCRTA will diversify its investments in an effort to avoid incurring unreasonable or avoidable risks regarding specific security types or individual financial institutions. Diversification will include diversification by maturity and market sector and will include the use of a number of institutions and brokers for diversification, competition, and market coverage. Diversification serves to reduce market and interest rate risk. Asset allocation shall reflect an emphasis on high credit quality governmental investments.
- (d) Yield. The investment portfolio shall be designed with the objective of attaining a reasonable market yield, taking into account risk constraints and cash flow needs of the portfolio. CCRTA will not make investments for the purpose of trading or speculation as its dominant criteria. However, CCRTA intends to pursue active portfolio management techniques while working within the guidelines of the Policy in order to enhance total returns.

**CONSENT ITEM  
ATTACHMENT C**

In order to monitor portfolio performance and in keeping with the weighted average maturity limitation of twelve-months based on historical cash flow analysis, the comparable period, current twelve (12) month Treasury Bill will be used as a benchmark on the overall portfolio. The benchmark is designed to monitor risk as well as performance.

The CCRTA may commingle its funds into one pooled investment portfolio for purposes of efficiency and maximum investment opportunity.

**PROCEDURES**

**Section 4. Investment Strategy.**

The CCRTA may maintain one commingled portfolio for investment purposes which incorporates the specific investment strategy considerations based on the unique characteristics of the funds represented in the portfolio:

- (a) The investment strategy for operating funds has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. This may be accomplished by purchasing high quality, short- to medium-term maturity securities which will complement each other in a laddered maturity structure permitting some extension for yield enhancement.
- (b) The investment strategy for debt service funds shall have as its primary objective the assurance of available funds adequate to fund the debt service obligations on a timely basis. Successive debt service dates will be fully funded before extension.
- (c) The investment strategy for debt service reserve funds shall have as its primary objective the ability to generate a revenue stream to the debt service funds from high credit quality securities with a low degree of volatility. Securities should be high credit quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities.
- (d) The investment strategy for capital projects or capital project funds will have as its primary objective assurance that anticipated cash flows are matched for adequate liquidity. The stated final maturity dates of securities held may not exceed the estimated project completion date.

The CCRTA shall pursue an active investment management strategy. The Investment Officer(s) will continuously monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. CCRTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

**Section 5. Standard of Prudence.**

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.

In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (a) The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment, and
- (b) Whether the investment decision was consistent with the written Investment Policy of the CCRTA.

Employees of the CCRTA and any investment advisor designated by the Board who are involved in investment decisions, when acting in accordance with this Policy and exercising due diligence, shall not be held personally liable for a specific credit risk or market price change, provided deviation from expectations is reported in a timely manner and appropriate action is taken to control adverse developments.

**Section 6. Delegation of Authority and Responsibilities.**

All participants in the investment process shall seek to act responsibly as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism which is worthy of the public trust. Regardless of delegation of investment duties, the Board retains the overall fiduciary responsibility for CCRTA public funds.

**(a) The Board of Directors**

The Board's responsibilities include:

- Establishment and annual adoption of the Investment Policy and Strategy;
- Designation of a banking services depository for the funds of the CCRTA;
- Approval of the list of broker/dealers for the purpose of selling investment transactions to the CCRTA;
- Approval of the selection of, if the Board so desires, an investment advisor for the purpose of managing CCRTA funds;
- Quarterly review of investment reports and performance;
- Designation of an employee(s) of the CCRTA to serve as Investment Officer(s) to be responsible for the investment of its funds consistent with the adopted Investment Policy. (Authority granted to a person to invest the CCRTA's funds is effective until rescinded by the CCRTA or until termination of the person's employment with the CCRTA.)

**(b) Investment Officer(s)**

The Director of Finance and the Managing Director of Administration acting on behalf of CCRTA are designated as the Investment Officers and are responsible for investment management decisions and activities. The Investment Officers' responsibilities include the following.

- The Investment Officers are responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management.
- The Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy.
- The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls and documentation to regulate the activities of subordinate officials and staff.
- The Investment Officers shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officers are not available.
- No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and established procedures.
- The Investment Officers shall be knowledgeable of laws concerning the investment of public funds, current investment practices and investment risks and opportunities as required by the Act (2256.008). The Investment Officer shall obtain ten (10) hours of training within twelve months of assuming the position and in each two-year period that begins on the first day of the

**CONSENT ITEM  
ATTACHMENT C**

CCRTA's fiscal year and consists of the two consecutive fiscal years after that. The training may be obtained from:

- Government Finance Officers Association
- Government Finance Officers Association of Texas
- Government Treasurers Organization of Texas
- Association of Public Treasurers of the US & Canada
- Texas Municipal League
- University of North Texas Center for Public Management
- Patterson & Associates

If the Investment Officers desire to attend an investment-training seminar presented by another organization for training credit, such seminar must be approved by the Chief Executive Officer and the Managing Director of Administration.

- The Investment Officers shall be bonded employees.
- This Policy and its adopting resolution authorize the Investment Officers to engage in investment transactions on behalf of CCRTA. The persons so authorized are authorized to approve electronic transfers used in the process of investing.
- If the Investment Officers have a personal business relationship with a business organization offering to engage in an investment transaction with the CCRTA, that individual shall file a statement disclosing that personal business interest in accordance with the Act
- The Investment Officers shall develop and maintain a cash flow analysis to determine available balances and project cash flow needs for the prudent investment of CCRTA funds and the creation of adequate liquidity buffers.
- The Investment Officers shall maintain current and accurate documentation on all investment transactions and holdings.
- The Investment Officers shall ensure adequate security and independent safekeeping for all securities owned by or pledged to CCRTA.
- The Investment Officers shall ensure that all certification and other requirements placed on financial counter-parties are observed.
- The Investment Officers shall monitor the credit ratings of all investments requiring ratings no less than monthly. Ratings may be obtained from the rating agencies, Bloomberg, the Wall Street Journal or other recognized financial reporting entities. Should the investments lose the required ratings, the Investment Officers shall inform the CEO of the loss of the ratings and options for the liquidation of the investments consistent with this policy.

Rated investments include:

- Obligations of States (other than Texas) and their agencies and subdivisions; banker's acceptances, commercial paper, money market mutual funds and investment pools.
- The Investment Officers shall monitor the status and ownership of all banks issuing brokered CDs owned by the CCRTA based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officers shall immediately liquidate any brokered CD which places the CCRTA above the FDIC insurance level.

**Section 7. Authorized Investments.**

(a) **List of Investments.** The investment types listed below, and as further defined by the Act, are authorized for the CCRTA. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by CCRTA until this Policy has been amended and the amended version adopted by the Board.

- Obligations of the United States, its agencies, and instrumentalities with a stated maturity not to exceed three years and excluding mortgage backed securities.
- Direct obligations of the State of Texas or its agencies and instrumentalities with a stated maturity not to exceed two years.
- Obligations, the principal and interest of which are unconditionally guaranteed, insured, or backed by, the full faith and credit of the State of Texas or the United States or their respective

**CONSENT ITEM  
ATTACHMENT C**

agencies and instrumentalities including the Federal Deposit Insurance Corporation and with a stated maturity not to exceed three years, and excluding mortgage backed securities.

- Obligations of states, agencies, counties, cities, and other political subdivisions of any US state rated not less than A or its equivalent by at least two nationally recognized investment rating agencies not to exceed three years to maturity.
- Fully insured or collateralized depository certificates of deposit from any bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed two years to stated maturity, to include certificates of deposit purchased through the CDARS program with a Texas bank;
- FDIC insured brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the CCRTA's safekeeping agent, not to exceed two years to maturity.
- Fully collateralized repurchase agreements and reverse repurchase agreements as defined by the Act, with defined termination dates, and placed through a primary government securities dealer with a stated maturity not to exceed six months. Flex repurchase agreements used for capital projects may extend beyond three years as determined by the bond expenditure plan.
- Bankers' acceptances as defined by the Act with a stated maturity not to exceed three months.
- Commercial paper rated A1/P1 or equivalent by at least two nationally recognized rating agencies with a stated maturity not to exceed **270** days.
- AAA-Rated, local government investment pools in Texas and striving to maintain a \$1 net asset value per share.
- AAA-Rated, SEC registered money market mutual funds striving to maintain a \$1 net asset value.
- Interest bearing accounts of banks in Texas with FDIC coverage or collateralized in accordance with this Policy.

**(b) Competitive Bidding Requirement.** All securities, including certificates of deposit, will be purchased or sold only after three (3) competitive offers/bids are taken to verify that CCRTA is receiving a fair market price. In the case of coordinated programs for the purchase of certificates of deposit bids (CDARS) from multiple brokers will not be required.

All bids/offers for investments may be solicited orally, but confirmed in writing (or electronically) with internal trade ticket documentation, written confirmation from the broker/dealer, and original safekeeping receipt from the custodian.

**(c) Delivery versus Payment.** All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery versus payment (DVP) basis. The CCRTA's custodian shall release funds only after it has received the purchased security into safekeeping. The custodian must be independent from the broker/dealer. The DVP basis shall be contractually established.

To ensure delivery versus payment settlement no securities will be purchased through a subsidiary of CCRTA's banking services bank.

**(d) Diversification.** The CCRTA recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification. The maximum limits for diversification on the total portfolio are determined at the time of purchase and are established as:

	<u>Max. % of Portfolio</u>
US Treasury Obligations	80%
US Agencies/Instrumentalities	80%
State Government Obligations	45%
Local Government Obligations	45%
Certificates of Deposit (Depository)	50%
Brokered Certificates of Deposit	30%
Repurchase Agreements	50%
Flex in CIP Funds	100%

**CONSENT ITEM  
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Local Government Investment Pools	80%
Money Market Funds	100%
Limited to 80% in any one fund (Not to exceed 10% of the value of the fund)	
Commercial Paper	35%
Bankers Acceptances	20%

**Section 8. Financial Counter-Parties.**

**(a) Designation of Depository**

At least every five years a banking services depository shall be selected through a competitive process. In selecting a depository, the services, cost of services, credit worthiness, and collateralization by the institution shall be considered. Collateralization of time and demand deposits in the depository must be in accordance with this Policy.

Any banking institution in which CCRTA time and demand deposits are placed is a designated depository and funds must be insured or collateralized under a written depository agreement.

**(b) Investment Management Firm**

The CCRTA may contract with an SEC registered investment advisory firm for management of the portfolio.

Any new contracts with an investment advisory firm must be approved by resolution of the Board of Directors.

On-going contracts must be approved annually by resolution of the Board of Directors.

The investment advisor must be registered under the Investment Advisors Act of 1940.

The Investment Officer shall require that the investment advisor provide certain documents including:

- Audited financial statements or other acceptable evidence of financial stability
- SEC annual ADV certification and Central Depository Registration (CRD) number.

The investment advisor is responsible for making investments and carrying out its contractual duties in full compliance with this policy and the Public Funds Investment Act.

**(c) Security Brokers/Dealers**

Investments may be made with or through the following institutions:

- Federally insured banks
- Brokers or security dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York also known as "primary government securities dealers," or
- Secondary institutional brokers/dealers registered with the SEC and registered with Financial Industry Regulatory Authority (FINRA).

The Investment Officer(s) shall maintain a list of not less than three authorized broker/dealers to assure competitive bidding. The Investment Officer(s) shall require that all financial institutions and broker/dealers desiring to transact business with the CCRTA must supply certain documents including:

- Current year audited financial statements or other acceptable evidence of financial stability
- Financial Industry Regulatory Authority (FINRA) certification and the FINRA Central Depository Registration (CRD) number.
- Proof of Texas State Securities registration.

A list of authorized brokers/dealers will be prepared by the Investment Officer(s) and reviewed and adopted at least annually by the Board. **Each authorized broker/dealer will receive a copy of the current investment policy.**

**(d) Policy Review Certification**

**CCRTA must provide a copy of its current Investment Policy to the investment management advisor and also to each pool in which the CCRTA participates in.** The qualified representative of said business organization shall execute a written certification in a form acceptable to the CCRTA substantially to the effect that the business organization has:

- Received, and thoroughly reviewed this Policy and
- Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by this Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolio or requires subjective investment standards.

The Investment Officer(s) may not acquire or otherwise obtain any investment from a person or firm who has not delivered this written certification.

**Section 9. Collateralization and Safekeeping.**

All CCRTA repurchase agreements will be fully collateralized and all time and demand deposits will be fully insured or collateralized. Collateral of 102 percent is required and must be kept safe by a CCRTA-approved independent third party.

Authorized collateral for repurchase agreements which is owned by the CCRTA includes only:

- A combination of cash and securities of the United States or its agencies and instrumentalities. The CCRTA does not accept letters of credit as collateral.

Authorized collateral for time and demand deposits which is pledged to the CCRTA includes only:

- Federal Deposit Insurance Corporation ("FDIC") insurance,
- Obligations of the United States or its agencies and instrumentalities, including mortgage backed securities which pass the bank test.
- Direct obligations of the State of Texas or its agencies, or
- Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities.
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated not less than A or its equivalent by at least two nationally recognized investment rating agencies.

The CCRTA reserves the right to refuse any collateral it deems inappropriate.

**(a) Pledged Depository (Pledged) Collateral**

Financial institutions serving as CCRTA depositories will be required to sign a depository agreement with the CCRTA and the independent safekeeping agent and in compliance with FIRREA<sup>1</sup>. The agreement shall define the collateral and CCRTA 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, which includes:

- The Agreement shall be in writing;
- The Agreement shall be approved by the Board of Directors or the Loan Committee of the Depository and a copy of the meeting minutes or resolution reference must be delivered to the CCRTA; and

<sup>1</sup>Financial Institutions Resource and Recovery Enforcement Act which governs the actions of the FDIC on default.

- No listing of pledged collateral shall be part of the agreement.

The following conditions must be met before time or demand deposits are made:

- Collateral must be held in an independent third-party bank outside the bank's holding company.
- Collateral will be maintained at 102% of principal plus accrued interest at all times, excluding amounts covered by FDIC insurance.
- The bank will be contractually liable for the continuous monitoring and maintaining of collateral and the required margin requirements.
- Pledged collateral will be evidenced by original safekeeping receipts and a monthly report sent directly to the CCRTA by the custodian including security description, par value, market value and CUSIP number.
- Substitution rights will be granted if the bank obtains prior approval from CCRTA and if substituting securities are received before previously pledged securities are removed from safekeeping.
- Collateral shall be reviewed on at least a monthly basis by the CCRTA's Investment Officer and may be audited by the CCRTA at any time during normal business hours of the safekeeping bank. A monthly listing of collateral from the pledgor shall include pledged securities itemized by: name, type and description of the security, safekeeping receipt number, par value, coupon, cusip number, market value, and maturity date.
- Collateral shall be audited at least annually by the CCRTA's independent external auditors.
- Substitution of collateral is authorized; however, the pledging institution must contact the Investment Officer for prior approval.

**(b) Repurchase Agreements (Owned) Collateral**

The CCRTA and any counter party to a repurchase transaction are required to execute the Bond Market Master Repurchase Agreement. An executed copy of this Agreement must be on file before any transaction is initiated. Collateral will be evidenced by safekeeping receipts clearly denoting ownership by the CCRTA. Collateral will be maintained at 102% and held by an independent third party approved by CCRTA and delivered on a delivered-versus-payment (DVP) basis.

**Section 10. Reporting.**

The Investment Officer(s) shall prepare and submit at least quarterly, signed quarterly investment reports in compliance with the Act and Policy. The reports shall summarize investment strategies employed in the most recent quarter and fully describe investment, maturities, risk characteristics, and investment return for the quarter.

The reports shall include a succinct management summary of the current investment portfolio and changes made during the last quarter. This summary will be prepared in a manner to allow the reader to ascertain whether investment activities during the reporting period have conformed to the Investment policy and adequately maintained diversification and liquidity. The report will include the following:

- A detailed description of the investment position of the entity on the date of the report;
- A summary statement, for each pooled fund group that states the:
  - Beginning market value for the reporting period;
  - Ending market value for the period; and
  - Fully accrued interest for the reporting period;
- For each individual invested asset:
  - State the book value and market value at the end of the reporting period by the type of asset and fund type invested;
  - State the maturity date of each separately invested asset that has a maturity date;
  - State the account or fund or pooled group fund for which each individual investment was acquired (if more than one such account or fund exists).

**CONSENT ITEM  
ATTACHMENT C**

- Dollar weighted average yield of the portfolio and its benchmarks,
- Earnings for the period (accrued plus net amortization),
- Analysis of the total portfolio by market sector and maturity, and
- Statement of compliance of the investment portfolio with the Act and the Investment Policy.

Market prices for the calculation of market value will be obtained from independent sources.

If the CCRTA invests in other than money market mutual funds or accounts offered by its depository bank in the form of certificates of deposits or money market accounts or similar accounts, the reports prepared by the Investment Officer(s) shall be formally reviewed at least annually by the independent auditor, and the results of the review shall be reported to the Board by the auditor.

**Section 11. Annual Policy Adoption.**

The CCRTA legal counsel shall review this policy annually to ensure it complies with the applicable laws. The Board shall review and adopt the Policy no less than annually and the adopting resolution shall reference any changes made.

Adopted – February 5, 2014  
Approved by Resolution – February 1, 2017  
Revised/Approved – October 4, 2017  
Proposed Changes – December 5, 2018  
Proposed Changes – November 6, 2019  
Approved by Resolution – November 4, 2020

**Corpus Christi Regional Transportation Authority Investment Policy  
ATTACHMENT A**

**Authorized Investment Advisor**

Patterson & Associates  
Austin, Texas

**Corpus Christi Regional Transportation Authority Investment Policy  
ATTACHMENT B**

**Authorized List of Brokers/Dealers**

- Bank of America/Merrill Lynch
- Frost Bank Capital Markets
- International FC Stone
- Mizuho Securities
- Morgan Stanley Securities
- Mutual Securities
- Piper Sandler
- RBC Capital Markets
- SAMCO Capital Markets
- Stifel Nicolaus
- Wells Fargo Securities (money market funds only)

# Corpus Christi Regional Transportation Authority



## Resolution

### APPROVE A CHANGE TO THE INVESTMENT POLICY, DESIGNATION OF INVESTMENT ADVISOR AND LIST OF APPROVED BROKERS/DEALERS

**WHEREAS**, the Corpus Christi Regional Transportation Authority most recently adopted an Investment Policy on December 4, 2019 in accordance with Public Investment Act (Texas Government Code Chapter 2256) governs local government investment; and

**WHEREAS**, the Public Investment Act (Section 2256.005a), Texas Government Code Chapter 2256 requires the Board to adopt an Investment Policy, Investment Strategies, and Broker/Dealer List by rule, order, ordinance or resolution governing the investment of funds under its control;

**WHEREAS**, Texas Government Code §2256.025 requires a review and designation of an authorized broker/dealer list at least annually; and

**WHEREAS**, the Public Investment Act (Section 2256.005e), requires the resolution approving the Broker/Dealer List recording any changes made thereto; and

**WHEREAS**, the Authority has chosen to make certain changes material to the Policy to include the following:

Extending the maximum maturity from 90 days to 270 days,  
Recording name changes of Broker/Dealers on the approved list

**NOW, THEREFORE, BE IT RESOLVED BY THE CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY THAT:**

**RESOLVED**, that the Corpus Christi Regional Transportation Authority Investment Policy is reviewed and approved.

**RESOLVED**, that the designation of Patterson & Associates as the Investment Advisor under the Investment Policy is hereby ratified and confirmed.

**RESOLVED**, that the authorized broker/dealer list is hereby ratified and confirmed.

The foregoing Resolution was adopted by the Board of Directors of the Regional Transportation Authority at a duly held meeting on November 4, 2020.

**DULY PASSED, APPROVED AND ADOPTED** this 4<sup>TH</sup> day of November, 2020.

ATTEST:

CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

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Dan Leyendecker  
Board Secretary

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Edward Martinez  
Board Chairman



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Adopt a Resolution to Recertify Designation of the Reserves from the Unrestricted Portion of the Fund Balance and the Methodologies Used in Determining the Funding Levels

**Background**

The RTA Reserve Policy was last updated June 5, 2013. A fund balance and reserve policy establish minimum levels for designated funds to ensure stable service delivery, meet future needs, and protect against financial instability. The reserves are to be used to solve temporary shortfalls and allow management time to implement new strategies. The use of reserves require balances needs to be restored within a reasonable timeframe to maintain the objectives of this policy.

The Authority has designated four (4) reserves from the unrestricted portion of the fund balance:

<b>Reserve</b>	<b>Current &amp; Proposed Methodology</b>
Operating Reserve	25% of budgeted expenses less depreciation and the designated reserve for employee benefits
Capital Reserve	25% of the capital budget for the current year including rolling forward projects, or 25% of budgeted depreciation whichever is greater
Local Share of Capital Projects	10% of local share of total CIP
Employee Benefits	The amount is to equal the expected annual amortized cost of the unfunded accrued liability (UAAL) of the Defined Benefit Pension Plan plus an amount equal to 20% of the average self-funded health insurance costs as determined by the 5 most recent audited financial statements

It is noted that the **Texas Transportation Code 451** requires **Operating Reserves** to be funded in an amount equal to two months of operating expenses which is lower than the amount of reserves that are currently maintained. Under the current methodology, on an operating budget of \$39,000,000 the annual funding would be \$8,550,000, or \$1,978,9720 more that the amount required by the Texas Transportation Code requirement.

It is further noted that if during a budget cycle or periodic updating of the Authority's long-range financial projections it becomes clear that funding in these reserves shall be needed for other purposes, the Chief Executive Officer shall inform the Board of the nature and amounts needed and obtain Board approval for such.

**Identified Need**

The ratification of the Reserve Policy is needed to continue funding the reserves using the prescribed methodology. The minimum funding levels are sufficient to meet the obligations of the Authority and sustain operations during periods when cash flow is disrupted by revenue shortfalls or expenses arising from unexpected events.

**Disadvantaged Business Enterprise**

There is no DBE goal for this item.

**Board Priority**

The item aligns with the Public Image and Transparency.

**Committee Review**

This item was presented and approved at the Administration & Finance Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of to Adopt a Resolution to Recertify Designation of the Reserves from the Unrestricted Portion of the Fund Balance and the Methodolgies used in determining the Funding Levels.

Respectfully Submitted,

Submitted by: Marie Sandra Roddel  
Director of Finance

Reviewed by: Robert M. Saldaña  
Managing Director of Administration

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
BOARD POLICY**

**RESERVE FUND**

**POLICY STATEMENT**

The Authority is required to make fund balance distinctions that establishes a hierarchy based on the spending constraints that govern how it can use amounts reported to achieve transparency of fund balance reporting.

The Board of Directors of the Regional Transportation Authority periodically establishes certain internal reserves of the **unrestricted portion of the fund balance** for designated purposes and adopts a related methodology for adding, adjusting and removing from these reserves.

The objective is to stabilize CCRTA's finances by enabling the Authority to sustain operations during periods when regular cash flow is disrupted by revenue shortfalls or expenses arising from unexpected events.

It is noted that reserves are not be used to cover a long-term or permanent income shortfall. Reserves are to be used to solve temporary shortfalls, allow management time to implement new strategies. The use of reserves requires balances to be restored within a reasonable timeframe. A replenishment plan needs to be developed and presented for Board approval.

**PURPOSE**

To provide guidance in establishing the proper fund balance classifications consistent with fund balance reporting requirements and the methodology for funding the various established reserves.

**FUND TYPE**

Because the Authority utilizes an enterprise Fund to report all the business activities of its transit operations equity is reported as net position. The equation for the enterprise fund is as follows:

**Fund Balance and Net position**  
Difference between fund assets  
Plus, deferred outflows of resources and liabilities  
Plus, deferred inflows of resources reflected on the Statement of Net Position.

**CATEGORIES OF FUND NET ASSETS**

- Invested in Capital Assets, Net of Related Debt
- Restricted Net Assets
- Unrestricted Net Assets

### **Operating Reserve**

An operating reserve is an unrestricted fund balance. This reserve was initially established by the Board for the specific purpose of stabilizing the budget when revenue shortfalls and unforeseen major operations-related expenditures occur.

**Current Methodology** - The amount of annual funding shall be determined by taking 25% of budgeted expenses less depreciation and the designated reserve for employee benefits.

The current methodology is more stringent than the **Texas Transportation Code** which only requires an amount equal to two months of operating expenses. Under the current methodology on an operating budget of \$39,000,000 would require the annual funding to be \$8,550,000 or \$1,978,972 more than the amount required by the Texas Transportation Code. Other provisions of the Texas Transportation Code are presented as follows:

In accordance with **Section 451.134. OPERATING RESERVE ACCOUNT** of the Texas Transportation Code CCRTA is required to:

- (a) The Board is required to establish in an account separate from other funds an operating reserve account in an amount that is not less than an amount equal to actual operating expenses for two months.
- (b) The Board shall adjust the amount held in the reserve account at least once annually based on the Authority's actual operating reserves for the 12 months immediately preceding the adjustment.
- (c) The Board may make an expenditure from the reserve account that causes the balance in the account to be less than the amount required under Subsection (b) only if the Board considers the expense necessary to address circumstances that could not have been planned for or anticipated. The Board shall adopt criteria for expenditures under this subsection.
- (d) If reserve funds are spent under Subsection (c) the Board shall, as soon as practicable, restore the balance of the reserve account to at least the amount in the account at the beginning of the fiscal year in which the spending occurred.

**Capital Reserve.** This reserve is designed to address capital acquisition needs. The amount of the annual funding shall be the greater of 25% of the capital budget for the current year including rolling forward projects or 25% of budgeted depreciation whichever is greater. The board upon recommendation of the CEO may designate an additional amount to the Capital Reserve for large, multi-year projects.

**Employee Benefits Reserve.** This reserve is for the purpose of shielding the Authority from the impacts of economic uncertainties that may affect employee benefits cost. Economic factors affecting budgets are sales taxes collections, investment revenues, fuel prices, health care, pension costs and other operating costs. This reserve is also intended to protect the Authority's financial position and bond rating.

**CONSENT ITEM  
ATTACHMENT E**

The reserve will be funded annually using the below methodology: This amount is equal to:

*The expected annual amortized cost of the unfunded accrued liability (UAAL) of the Defined Benefit Pension Plan for the next plan year. Generally, this will be the annual amortized cost of the UAAL from the most recent actuarial report.*

**Plus**

*An amount equal to 20% of the average self funded health insurance costs as determined by the five most recent audited financial statements.*

**Provision for Changes to Reserve Levels** -If during a budget cycle or periodic updating of the Authority's long-range financial projections it becomes clear that funding in these reserves shall be needed for other purposes, the Chief Executive Officer shall inform the Board of the nature and amounts needed and obtain Board approval for such.

Adopted September 5, 2001

Amended to add Health Insurance Reserve April 5, 2006

Amended June 5, 2013

Approved by Resolution – November 4, 2020

# Corpus Christi Regional Transportation Authority



## Resolution

### ADOPT A RESOLUTION TO RECERTIFY DESIGNATION OF THE RESERVES FROM THE UNRESTRICTED PORTION OF THE FUND BALANCE AND THE METHODOLOGIES USED IN DETERMINING THE FUNDING LEVELS

**WHEREAS**, the Corpus Christi Regional Transportation Authority most recently adopted a Reserve Policy in June 5, 2013 and to be re-certified in accordance with Board of Directors, the Texas Transportation Code 451 and best practices prescribed in the industry and GFOA;

**WHEREAS**, the Board of Directors have established 4 reserves from the unrestricted portion of the fund balance to be funded with the prescribed methodologies in order to ensure stable service delivery, meet future needs, and protect against finance stability;

**WHEREAS**, the Board of Directors have established an Operating Reserve at a level that is higher than the requirements under the Texas Transportation Code 451.134;

**WHEREAS**, the established reserves are to be used to solve temporary shortfalls and uses of reserves requires balances to be restored within a reasonable timeframe;

**WHEREAS**, the CEO may update the funding levels of these reserves to align with budget demands and long-range financial projections and obtain Board approval as such;

**NOW, THEREFORE, BE IT RESOLVED BY THE CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY THAT:**

**RESOLVED**, that the Reserve Policy be re-certified;

**RESOLVED**, that the 4 established reserves be funded from the unrestricted portion of the fund balance and their respective methodologies;

**RESOLVED**, that the Operating Reserve be funded using the Authority's methodology which is higher than the requirements under the Texas Transportation Code 451;

**RESOLVED**, that the CEO may update the funding levels of these reserves to align with budget demands and long-range financial projections and obtain Board approval as such;

The foregoing Resolution was adopted by the Board of Directors of the Regional Transportation Authority at a duly held meeting on November 4, 2020.

**DULY PASSED, APPROVED AND ADOPTED** this 4<sup>TH</sup> day of November, 2020.

ATTEST:

CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

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Dan Leyendecker  
Board Secretary

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Edward Martinez  
Board Chairman



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Approve the Fiscal Year 2021 Holidays and Service Levels

**Background**

Each year, the Corpus Christi Regional Transportation Authority (CCRTA) Service Standards require Board of Directors approval of holidays and service levels which occur on or adjacent to holiday dates. In the past, CCRTA has not operated service on Easter, Thanksgiving, and Christmas holidays. On other dates, the CCRTA has operated a modified schedule in alignment with historic ridership levels.

**Identified Need**

Per CCRTA Service Standards, staff must seek Board of Directors approval of service levels for implementation in the following year. For review and approval, Attachment A contains the draft notice to CCRTA employees and contractors containing the Fiscal Year (FY) 2021 Holidays and Service Levels.

**Financial Impact**

Costs associated with the FY 2021 Holidays and Service Levels are included in the proposed 2021 Operating Budget.

**Committee Review**

This item was presented and approved at the Operations & Capital Projects Committee meeting held on October 28, 2020.

**Board Priority**

The Board Priority is Public Image and Transparency.

**Recommendation**

Staff recommends the Board of Directors to approve the FY2021 Holidays and Service Levels.

Respectfully Submitted,

Submitted by: Gordon Robinson  
Director of Planning

Reviewed by: Derrick Majchszak  
Managing Director of Operations

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

5658 Bear Lane, Corpus Christi, TX 78405 | p. 361-289-2712 | f. 361-289-3057 | www.ccrta.org

To: CCRTA & Contract Employees

Approved Date: \_\_\_\_\_

From: Jorge Cruz-Aedo, Chief Executive Officer

Re: 2021 Holidays and Service Levels

The 2021 holidays and service levels for bus and paratransit services are based on public input and historic ridership levels on holiday dates or on dates adjacent to a holiday. Regular fares apply to service dates listed below. The Chief Executive Officer or designee determines the public transportation needs of the community that may result in changes to a schedule or service level.

Day	Date	Holiday	Service Level	Comments
Friday	January 1, 2021	New Year's Day	Reduced Service Level *	RTA Holiday: Administration and Customer Service Closed (Previously Approved in 2020)
Monday	January 18, 2021	Martin Luther King Jr. Day	Weekday Service Level	RTA Observed Holiday: Administration and Customer Service Closed
Friday	April 2, 2021	Good Friday	Weekday Service Level	RTA Observed Holiday: Administration and Customer Service Closed
Sunday	April 4, 2021	Easter Sunday	No Service	RTA Holiday: All Facilities Closed
Monday	May 31, 2021	Memorial Day	Reduced Service Level *	RTA Holiday: Administration and Customer Service Closed
Sunday	July 4, 2021	Independence Day	Reduced Service Level *	RTA Holiday: Administration and Customer Service Closed
Monday	July 5, 2021	Administration Holiday	Weekday Service Level	RTA Observed Holiday: Administration and Customer Service Closed
Monday	September 6, 2021	Labor Day	Reduced Service Level *	RTA Holiday: Administration and Customer Service Closed
Thursday	November 25, 2021	Thanksgiving	No Service	RTA Holiday: All Facilities Closed
Friday	November 26, 2021	Black Friday	Weekday Service Level	No RTA Holiday
Friday	December 24, 2021	Christmas Eve	Weekday Service Level: Terminates in Early Evening	RTA Observed Holiday: Administration and Customer Service Closed
Saturday	December 25, 2021	Christmas	No Service	RTA Holiday: All Facilities Closed
Friday	December 31, 2021	New Year's Eve	Weekday Service Level: Terminates in Early Evening	RTA Observed Holiday: Administration and Customer Service Closed
Saturday	January 1, 2022	New Year's Day	Reduced Service Level *	RTA Holiday: Administration and Customer Service Closed

\* A reduced service level is similar to services operated on Sundays

Distribution Date:  
Distribution Type:  
Posted & Acknowledgement w/Policy  
to each employee:  
Posted for # of weeks  
remove date:



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Award a contract to SanUVAire, LLC for Ultraviolet Germicidal Irradiation (UVGI) kits

**Background**

RTA currently operates a fleet of 70 Gillig buses on our fixed route services, and staff is requesting to retrofit 52 of these buses with Ultraviolet Germicidal Irradiation (UVGI) kits. These UVGI kits will be installed in the HVAC system and will treat the air as it is pulled through the HVAC system.

RTA seeks to provide an environment that is clean of harmful bacteria and viruses for our bus operators and customers. UVGI technology has been proven to be 93 to 99.9 percent effective in killing a variety of harmful bacteria, mildew, mold, fungi, pathogens, and viruses including but not limited to; Coronaviruses, Influenza, H1N1, and MRSA.

**Identified Need**

The Ultraviolet Germicidal Irradiation (UVGI) kits will add another layer of protection for our bus operators and customers. Retrofitting CRTA buses with an UVGI system will greatly reduce viruses, bacteria, mold, mildew, fungi and harmful pathogens such as COVID-19 by breaking down their DNA as air passes through the HVAC system.

**Disadvantaged Business Enterprise**

For this procurement the DBE participation is zero percent (0%) – Contractors are encouraged to offer contracting opportunities to the fullest extent possible through outreach and recruitment activities to small, minority and disadvantaged businesses.

**Financial Impact**

The estimated cost of this project prior to issuing the IFB was \$264,950. We received two bids on the IFB, with the lowest bid coming from SanUVaire, LLC. The cost of this project is \$208,071.00 and it is expected to qualify for a full 100 percent grant funding under the CARES act.

**Board Priority**

This Board Priority aligns with Safety & Security.

**Committee Review**

This item was presented and approved at the Operations & Capital Projects Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of Directors to award a contract to SanUVAire, LLC for Ultraviolet Germicidal Irradiation (UVGI) kits.

<b>UV Germicidal Irradiation IFB No. 2020-FP-09</b>		
	<b>SanUVAire, LLC</b>	<b>JF Petroleum Group</b>
<b>ULTRAVIOLET GERMICIDAL IRRADIATION</b>	<b>\$208,060.00</b>	<b>\$682,940.00</b>
<b>AIR FILTRATION KITS</b>	<b>\$11.00</b>	<b>\$100,300.00</b>
<b>BID TOTAL</b>	<b>\$208,071.00</b>	<b>\$783,240.00</b>

Respectfully Submitted,

Submitted by: Bryan Garner  
Director of Maintenance

Reviewed by: Derrick Majchszak  
Managing Director of Operations

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

**Subject:** Award a contract to Zeit Energy, LLC for a CNG Defueling Station

**Background**

The RTA currently owns and operates a fleet of 107 CNG powered vehicles. The Maintenance Department conducts periodic CNG system and tank inspections with two employees who are certified CNG fuel storage inspectors. These inspections help ensure the fleet is in safe operating condition and that we maintain compliance with all EPA and Railroad Commission of Texas standards.

**Identified Need**

The Maintenance Department is responsible for maintaining the fleet of CNG vehicles. In the event a CNG fuel tank or related infrastructure needs repair, the CNG must be removed from the fuel tanks before any repair work may commence. The agency does not currently have the ability to safely discharge CNG from the vehicle fuel tanks with a defueling station. A grounded CNG Defueling Station will help ensure the RTA is safely maintaining our fleet while remaining compliant with the Railroad Commission of Texas guidelines and industry best safety practices.

**Disadvantaged Business Enterprise**

For this procurement the DBE participation is zero percent (0%) – Contractors are encouraged to offer contracting opportunities to the fullest extent possible through outreach and recruitment activities to small, minority and disadvantaged businesses.

**Financial Impact**

The CNG Defueling Station project is budgeted for \$60,000.00 and is a 2020 CIP project funded partially by 5307 Formula Funds. Zeit Energy, LLC was the sole bidder for the CNG Defueling Station with a bid of \$49,588.88, including installation. Staff is also requesting the three (3) year full coverage extended warranty option for \$5000.00. The total bid from Zeit Energy, LLC is \$54,588.88. The local match is 20% with a cost of \$10,917.78 and a federal cost of \$43,671.10.

**CNG DEFUELING STATION**

Item Description	Make	Model	Price
Station/Skid			Included in Defueling Panel Price below
CNG Vehicle Defueling Panel	Angi Energy Systems	Defueling Panel-Manual	\$28,482.00
Parts and Labor			\$8,660.20
Onsite Testing and Commission Testing			\$5,000.00
Training Cost			\$6,000.00
Permitting Cost (Local, State and Federal)			\$1,446.68
<b>Total</b>			<b>\$49,588.88</b>

**EXTENDED WARRANTY OPTIONS**

<b>Item Description</b>	<b>Price</b>
2 Year Extended Warranty (Full Coverage, All Equipment)	\$4,000.00
3 Year Extended Warranty (Full Coverage, All Equipment)	\$5,000.00
<b>Total Cost With 3 Year Warranty</b>	<b>\$54,588.88</b>

**Board Priority**

This Board Priority aligns with Safety & Security.

**Committee Review**

This item was presented and approved at the Operations & Capital Projects Committee meeting held on October 28, 2020.

**Recommendation**

Staff recommends the Board of Directors to award a contract to Zeit Energy, LLC for a CNG Defueling Station.

Respectfully Submitted,

Submitted by: Bryan Garner  
Director of Maintenance

Reviewed by: Derrick Majchszak  
Managing Director of Operations

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer



**Subject:** September 2020 Financial Report

**SUMMARY: Results from all Activities Compared to Budget**

**Operating Revenues** totaled **\$2,902,319** in September, or 94.67% of the monthly baseline expectation. **Operating Revenues** include all revenues except the federal, state, and local grant assistance of \$1,189,435. The baseline expectation provides an even 12-month spread to all revenue and expense categories and helps gauge the reasonableness of financial data. Revenues for September reflect the impact of the Covid-19 pandemic on various aspects of the Authority, as fare revenues reached only 54.48% of the baseline expectation. Meanwhile, bus and bench advertising reached 76.69% of the baseline expectation.

In September, the Authority processed the fourth drawdown request for eligible operating expenses, in the amount of \$1,188,968 from the CARES Grant bringing the YTD total to \$15,192,455. This leaves a grant balance for operating assistance to \$166,907. The total apportionments for the Authority are \$16,359,362, with \$15,359,362 allocated for operating assistance and \$1,000,000 allocated for capital expenditures. No expenses have been incurred for the capital portion of this grant. The CARES funding serves to cover eligible operating expenses incurred on or after January 20, 2020 net of fare revenues and include operating costs necessary to operate, maintain, and manage CCRTA.

The **Investment Portfolio** closed the month of September with a Market Value of **\$45,169,596**, an increase of **\$17,794,147** from the end of 2019 which closed at **\$27,375,449**. In comparison to the Market Value ending in August, the Market Value for September increased by **\$2,527,818**, primarily due to the receipt of CARES Grant funds. The majority of the Authority's holdings are in TexPool Prime which includes Commercial Paper Investments. Staff is working with the Authority's financial advisor to align portfolio allocation and risk allocation amidst the remaining economic uncertainty and based on the results of the cash flow analysis for 2020 and 2021.

**Other Revenues which is a component of Operating Revenues**, totaled \$100 in September. These revenues are typically sporadic and will not usually align with the baseline expectation. The revenue category includes federal and state fuel credits, income from facility rentals, proceeds from insurance claims, and other income.

**Sales tax revenue** is the largest source of income from **Operating Revenues**. The actual allocation payment for September 2020 will be received November 13, 2020. Because the allocations lag two months behind the sales tax for September is estimated for budget and reporting purposes.

The September allocation is estimated at **\$2,759,470** and represents the amount equal to the same period in 2019. This amount was utilized in order to maintain a conservative forecast for what might emerge in the aftermath of Covid-19 **since adjustments to sales tax payments by the Comptroller are unpredictable**. The most common adjustments come from **Audits** that can lead to sizeable adjustments that may either decrease or increase the sales tax payment. This strategy will assist in responding to revenue shortfalls by allowing ample time to adjust spending

and/or evaluate changes in spending patterns. And in the opinion of the most recent S&P report “the Authority maintains exceptional financial metrics” compared with peers.

Month Revenue was Recognized	2020 Actual	2019 Actual	\$ Growth	% Growth
January (actual)	\$ 2,532,147	\$ 2,567,060	\$ (34,913)	-1.36%
February (actual)	2,593,497	2,533,698	59,799	2.36%
March (actual)	2,856,393	2,969,520	(113,127)	-3.81%
April (actual)	2,463,919	2,776,441	(312,522)	-11.26%
May (actual)	2,791,009	2,862,654	(71,645)	-2.50%
June (actual)	3,348,797	3,371,490	(22,693)	-0.67%
July (actual)	2,744,819	3,169,718	(424,899)	-13.40%
August (actual)	2,792,247	2,970,409	(178,162)	-6.00%
September (estimate)	2,759,470	2,759,470	-	0.00%
October				0.00%
November				0.00%
December				0.00%
	<b>\$ 24,882,298</b>	<b>\$ 25,980,460</b>	<b>\$ (1,098,162)</b>	<b>-4.23%</b>

The **\$2,792,247** sales tax payment received October 9, 2020 included the allocation from internet sales of \$21,522. RTA started receiving internet sales tax revenue in December 2019, and to date have received **\$171,009**. Retailers started collecting sales tax on internet sales October 1, 2019. Revenue from internet sales from the August 2020 allocation payment showed a **23.63%** decrease from the prior month.

October 2019	\$10,059		
November 2019	12,664	25.89%	increase from prior month
December 2019	14,454	14.13%	increase from prior month
January 2020	17,773	22.96%	increase from prior month
February 2020	13,611	<b>23.41%</b>	<b>decrease</b> from prior month
March 2020	18,756	37.80%	increase from prior month
April 2020	16,441	<b>12.34%</b>	<b>decrease</b> from prior month
May 2020	19,191	16.73%	increase from prior month
June 2020	26,538	38.28%	increase from prior month
July 2020	20,267	<b>23.63%</b>	<b>decrease</b> from prior month
August 2020	21,522	6.19%	increase from prior month

Sales tax typically represents the largest component of CCRTA’s total income however there are several factors that can cause fluctuations from year to year. Although sales tax revenue is related to economic conditions, other factors such as the amount of revenues from other sources and capital improvement plans do come into play.

The sales tax revenue over the last five years’ averages to **76.80%** of total income. In 2019 Sales Tax Revenue represented 88% of total revenues. For the last few months, sales tax revenue collected in comparison to other revenue has been significantly lower than normal due to the CARES funding.

To stabilize the fluctuations of sales tax revenue, CCRTA has established several reserve accounts that serve as a liquidity cushion. As you can see from the fund balance breakdown below, over 50% of the unrestricted portion is assigned by the Board to fund reserves that are earmarked to meet certain unexpected demands.

The detail of all revenue and expense categories are presented in the following tables, along with the fare recovery ratio for September 2020:

**Operating Revenue – September 2020 and Year-To-Date – Revenue Composition**

Revenue Source	September 2020	%	YTD	%
Passenger Service	\$ 83,564	1.89%	\$ 879,594	2.07%
Bus Advertising	10,144	0.23%	91,463	0.22%
Other Revenue	100	0.00%	41,488	0.10%
Sales Tax Revenue	2,759,470	62.35%	24,882,298	58.60%
Grants - Operating	1,189,435	26.88%	15,518,944	36.55%
Grants - Capital	333,920	7.55%	523,497	1.23%
Investment Income	8,289	0.19%	162,822	0.38%
SSC Lease Income	40,753	0.92%	364,229	0.86%
<b>Total Revenue</b>	<b>\$ 4,425,674</b>	<b>100.00%</b>	<b>\$ 42,464,334</b>	<b>100.00%</b>

**September 2020 Revenue – Operating and Capital Funding and Transfer-In**

	09/2020				
	2020 Adopted Budget	September 2020 Actual	August Baseline into Budget	% Actual to Budget	% Actual to Baseline
<b>Revenues</b>					
Passenger service	\$ 1,840,710	\$ 83,564	\$ 153,393	4.54%	54.48%
Bus advertising	158,731	10,144	13,228	6.39%	76.69%
Other operating revenues	622,779	100	51,898	0.02%	0.19%
Sales Tax Revenue	37,762,468	2,759,470	2,759,470	7.31%	100.00%
Federal, state and local grant assistance	874,476	1,189,435	72,873	136.02%	1632.20%
Investment Income	565,803	8,289	47,150	1.46%	17.58%
Staples Street Center leases	486,015	40,753	40,501	8.39%	100.62%
<b>Total Operating Revenues</b>	<b>42,310,982</b>	<b>4,091,754</b>	<b>3,138,513</b>	<b>9.67%</b>	<b>130.37%</b>
Capital Grants & Donations	12,631,327	333,920	333,920	2.64%	100.00%
Transfers-In	1,763,046	146,921	146,921	8.33%	100.00%
<b>Total Revenues &amp; Capital Funding</b>	<b>\$ 56,705,355</b>	<b>\$ 4,572,594</b>	<b>\$ 3,619,353</b>	<b>8.06%</b>	<b>126.34%</b>

## Year-to-Date 2020 Revenue – Operating and Capital Funding and Transfer-In

	09/2020				
	2020 Adopted Budget	YTD 2020 Actual	YTD Baseline into Budget	% YTD Actual to Budget	% Actual to Baseline
<b>Revenues</b>					
Passenger service	\$ 1,840,710	\$ 879,594	\$ 1,380,533	47.79%	63.71%
Bus advertising	158,731	91,463	119,048	57.62%	76.83%
Other operating revenues	622,779	41,488	467,084	6.66%	8.88%
Sales Tax Revenue	37,762,468	24,882,298	25,980,460	65.89%	95.77%
Federal, state and local grant assistance	874,476	15,518,944	655,857	1774.66%	2366.21%
Investment Income	565,803	162,822	424,352	28.78%	38.37%
Staples Street Center leases	486,015	364,229	364,511	74.94%	99.92%
<b>Total Operating Revenues</b>	<b>42,310,982</b>	<b>41,940,837</b>	<b>29,391,846</b>	<b>99.13%</b>	<b>142.70%</b>
Capital Grants & Donations	12,631,327	523,497	523,497	4.14%	100.00%
Transfers-In	1,763,046	1,028,444	1,028,444	58.33%	100.00%
<b>Total Revenues &amp; Capital Funding</b>	<b>\$ 56,705,355</b>	<b>\$ 43,492,777</b>	<b>\$ 30,943,786</b>	<b>76.70%</b>	<b>140.55%</b>

## SEPTEMBER 2020 EXPENSES

The results of all expenditure activities, including capital are presented below. The total activities compared well against the baseline. Timing of expenditures such as Debt Service (paid in May and November), and purchases of capital contribute to the anticipated variance between the outcome of operations and the baseline.

## September 2020 Total Expenses & Capital Expenditures

	09/2020				
	2020 Adopted Budget	September 2020 Actual	August Baseline into Budget	% Actual to Budget	% Actual to Baseline
<b>Expenditures</b>					
Departmental Operating Expenses	\$ 35,606,645	\$ 2,571,777	\$ 2,967,220	7.22%	86.67%
Debt Service	1,423,053	-	118,588	0.00%	0.00%
Street Improvements	3,021,641	251,803	251,803	8.33%	100.00%
Subrecipient Grant Agreements	49,694	467	4,141	0.94%	11.28%
<b>Total Operating Expenses</b>	<b>40,101,033</b>	<b>2,824,047</b>	<b>3,341,753</b>	<b>7.04%</b>	<b>84.51%</b>
Grant Eligible Costs	12,631,327	333,920	333,920	2.64%	100.00%
Depreciation Expenses	3,972,995	331,083	331,083	8.33%	100.00%
<b>Total Expenses &amp; Capital Expenditures</b>	<b>\$ 56,705,355</b>	<b>\$ 3,489,050</b>	<b>\$ 4,006,756</b>	<b>6.15%</b>	<b>87.08%</b>

## Year-to-Date 2020 Total Expenses & Capital Expenditures

	09/2020				
	2020 Adopted Budget	YTD 2020 Actual	YTD Baseline into Budget	% YTD Actual to Budget	% Actual to Baseline
<b>Expenditures</b>					
Departmental Operating Expenses	\$ 35,606,645	\$ 24,457,413	\$ 26,704,984	68.69%	91.58%
Debt Service	1,423,053	266,900	1,067,290	18.76%	25.01%
Street Improvements	3,021,641	2,266,231	2,266,231	75.00%	100.00%
Subrecipient Grant Agreements	49,694	326,489	37,271	657.00%	876.00%
<b>Total Operating Expenses</b>	<b>40,101,033</b>	<b>27,317,033</b>	<b>30,075,775</b>	<b>68.12%</b>	<b>90.83%</b>
Grant Eligible Costs	12,631,327	523,497	523,497	4.14%	100.00%
Depreciation Expenses	3,972,995	2,979,745	2,979,746	75.00%	100.00%
<b>Total Expenses &amp; Capital Expenditures</b>	<b>\$ 56,705,355</b>	<b>\$ 30,820,275</b>	<b>\$ 33,579,018</b>	<b>54.35%</b>	<b>91.78%</b>

**EXPENSES – REPORTED BY EXPENSE OBJECT CATEGORY**

The **Financial Accounting Standards Board (FASB)** requires expenses to be reported by object category which include expenses that can be traced back to a specific department and or activity. It excludes depreciation expenses, expenses associated with the Street Improvement Program, debt service expenses, and pass through activities (Sub-recipients).

Accordingly, for the month of September 2020, total departmental operating expenses realized a favorable variance against the monthly budget as well as the baseline expectation. **We are 9 months into the budget or 75% and the majority of the departmental expenses closed the month at or below this benchmark. Only the Materials & Supplies categories exceeded the benchmark, due to the costs of personal protective equipment and cleaning supplies associated with Covid-19, which are costs reimbursed by CARES Act funding.**

**September 2020 Departmental Expenses**

Departmental Operating Expense Object Category	09/2020				
	2020 Adopted Budget	September 2020 Actual	August Baseline into Budget	% Actual to Budget	% Actual to Baseline
Salaries	\$ 13,257,370	\$ 1,020,783	\$ 1,104,781	7.70%	92.40%
Benefits	5,512,012	329,392	459,334	5.98%	71.71%
Services	4,801,717	262,630	400,143	5.47%	65.63%
Materials & Supplies	3,047,162	292,116	253,930	9.59%	115.04%
Utilities	707,280	49,354	58,940	6.98%	83.74%
Insurance	454,522	32,331	37,877	7.11%	85.36%
Purchased Transportation	7,105,315	543,949	592,110	7.66%	91.87%
Miscellaneous	721,266	41,222	60,106	5.72%	68.58%
<b>Total Departmental Operating Expenses</b>	<b>\$ 35,606,645</b>	<b>\$ 2,571,777</b>	<b>\$ 2,967,220</b>	<b>7.22%</b>	<b>86.67%</b>

**2020 Year-to-Date Departmental Expenses**

Departmental Operating Expense Object Category	09/2020				
	2020 Adopted Budget	YTD 2020 Actual	YTD Baseline into Budget	% YTD Actual to Budget	% Actual to Baseline
Salaries	\$ 13,257,370	\$ 9,369,526	\$ 9,943,028	70.67%	94.23%
Benefits	5,512,012	3,978,610	4,134,009	72.18%	96.24%
Services	4,801,717	2,499,038	3,601,288	52.04%	69.39%
Materials & Supplies	3,047,162	2,534,737	2,285,371	83.18%	110.91%
Utilities	707,280	471,917	530,460	66.72%	88.96%
Insurance	454,522	281,229	340,891	61.87%	82.50%
Purchased Transportation	7,105,315	5,009,143	5,328,986	70.50%	94.00%
Miscellaneous	721,266	313,213	540,950	43.43%	57.90%
<b>Total Departmental Operating Expenses</b>	<b>\$ 35,606,645</b>	<b>\$ 24,457,413</b>	<b>\$ 26,704,984</b>	<b>68.69%</b>	<b>91.58%</b>

New for 2020 is the allocation of the full labor burden to each respective department. In the past, line items such as **Health Insurance, Workers Compensation, and Unemployment Insurance** were all charged to the **Human Resources** department. Now, the benefit line is allocated proportionately to its respective department. As such, there is a significantly lower budget amount for the expense function of **Insurance**. The reduction in Insurance has been added to **Benefits** as part of the allocation process.

For September 2020, most expense categories were within a reasonable degree of distance from the baseline expectation. The largest expense category, **Salaries**, was within 8% of the baseline expectation. Meanwhile, the **Benefits** category was within the baseline by 28%, due health insurance claims that were lower than expected. The **Materials & Supplies** category appears further from the baseline expectation; however, this category includes much of the costs incurred in response to **Covid-19**.

The cost of fuel used in fleet vehicles falls under the Materials & Supplies category. The average price per gallon in **September, for compressed natural gas (CNG), diesel, and unleaded was \$0.69, \$1.35, and \$1.55**, respectively, while the average cost for 2020 for the year-to-date was \$0.67, \$1.47, and \$1.84, respectively.

Total operating expenses are within nine percentage points of the baseline expectation for year-to-date budget 2020, with monthly expenses to-date representing only 68.12% of the budget, compared to the baseline expectation of 75%.

**Covid-19 Expenses**

Because of the accounting treatment associated with the various types of **Covid-19** purchase it is necessary to provide clarification to explain the variances between the financials and any other internal reporting sources.

The financials only report expenditures that have completed the transaction cycle. **Covid-19** expenses in the financials are either a specialized direct expenditure resulting from the pandemic or **normal operating expenses** from specific departments that have been identified by the CARES Act as reimbursable eligible expenses (this includes wages and benefits of certain departments). These expenses when submitted for reimbursement have to be reduced by the amount of fare revenue received as of the reporting period. The specialized direct expenditures flow through a special inventory account for tracking and expensed to the department budgets when the items are taken out of inventory for use. The cost of the items still in inventory are reported in the Statement of Net Position (Balance Sheet) and the items used and taken out of inventory are reported in the Operating and Capital Budget Report.

As of the September financial statements the YTD total of **\$15,192,455** has been recognized as grant revenues from the CARES Act. This represents all eligible costs less the amount of fare revenue received as of this reporting date totaling **\$690,273**.

<b>Eligible Reimbursable Expense</b>	<b>Amount</b>
Salaries	\$ 5,737,744
Benefits	2,888,741
Services	1,034,007
Materials & Supplies	1,388,527
Utilities	118,446
Insurance	63,273
Purchased Transportation	4,651,989
<b>Total</b>	<b>\$ 15,882,728</b>
Less Fare Revenue Received	<b>\$ (690,273)</b>
<b>Total Grant Reimbursement</b>	<b>\$ 15,192,455</b>

## Fare Recovery Ratio

Description	9/30/2020	Year to Date
Fare Revenue	\$ 83,564	\$ 879,594
Operating Expenses*	2,571,777	23,747,651
Fare Recovery Ratio	3.25%	3.70%
*Excluding Depreciation		

Note: Same period last year (September) the FRR was 5.14%

## NET POSITION

The Total Net Position at the end of the month was **\$94,078,382**, an increase of \$12,758,086 from December 2019, which is due to the combined effect of the CARES Grant funding offset by accruals for depreciation and street improvements. The Total Net Position is made up of three (3) components: Net Investment in Capital Assets, restricted for Debt Service (Bond Contract), and Unrestricted which represents the residual amount of the net position that is available for spending.

***The Debt Service restriction of \$1.6 Million was removed as a result of the November 2019 bond refunding due. The purchase of an insurance policy allowed the Authority to release the existing cash reserve of \$1.6 Million which had been restricted for debt service in 2019. Of the unrestricted portion, 42% has been designated by the Board.***

Of the Total Net Position of **\$94,078,382**, the portion of the fund balance that is not restricted in accordance to GASB Concepts Statement No 4 is **\$44,455,986**, but only **\$27,302,481** is available for spending as a result of the internal restrictions placed by the Board for specific reserves which total **\$17,153,505**.

## FUND BALANCE AS OF SEPTEMBER 30, 2020:

<b>FUND BALANCE</b>	
Net Invested in Capital Assets	\$ 49,622,397
Restricted for Debt Service	-
Unrestricted	44,455,986
<b>TOTAL FUND BALANCE</b>	<b>94,078,382</b>
<b>RESERVES</b>	
Net Invested in Capital Assets	49,622,397
Restricted for Debt Service	-
Restricted for Operating Reserve	9,310,463
Restricted for Capital Reserve	3,157,831
Restricted for Local Share of CIP	3,972,993
Restricted for Employee Benefits Reserve	712,218
Unrestricted	27,302,481
<b>TOTAL INVESTED IN CAPITAL &amp; RESERVES</b>	<b>\$ 94,078,382</b>

Please refer to the following pages for the detailed financial statements.

Respectfully Submitted,

Submitted by: Marie Sandra Roddel  
Director of Finance

Reviewed by: Robert M. Saldaña  
Managing Director of Administration

Final Approval by:   
Jorge G. Cruz-Aedo  
Chief Executive Officer

Corpus Christi Regional Transportation Authority  
 Operating and Capital Budget Report  
 For the month ended September 2020

OPERATING BUDGET	09/2020				
	2020 Adopted Budget	September 2020 Actual	August Baseline into Budget	% Actual to Budget	% Actual to Baseline
	A	B	C = A / 12	B / A	C vs B
<b>Revenues</b>					
Passenger service	\$ 1,840,710	\$ 83,564	\$ 153,393	4.54%	54.48%
Bus advertising	158,731	10,144	13,228	6.39%	76.69%
Other operating revenues	622,779	100	51,898	0.02%	0.19%
Sales Tax Revenue	37,762,468	2,759,470	2,759,470	7.31%	100.00%
Federal, state and local grant assistance	874,476	1,189,435	72,873	136.02%	1632.20%
Investment Income	565,803	8,289	47,150	1.46%	17.58%
Staples Street Center leases	486,015	40,753	40,501	8.39%	100.62%
<b>Total Revenues</b>	<b>42,310,982</b>	<b>4,091,754</b>	<b>3,138,513</b>	<b>9.67%</b>	<b>130.37%</b>
<b>Expenses</b>					
Transportation	10,158,674	696,103	846,556	6.85%	82.23%
Customer Programs	564,293	34,543	47,024	6.12%	73.46%
Purchased Transportation	7,105,315	569,937	592,110	8.02%	96.26%
Service Development	608,237	40,132	50,686	6.60%	79.18%
MIS	1,349,557	114,738	112,463	8.50%	102.02%
Vehicle Maintenance	5,738,762	431,229	478,230	7.51%	90.17%
Facilities Maintenance	2,834,107	223,800	236,176	7.90%	94.76%
Contracts and Procurements	323,102	25,668	26,925	7.94%	95.33%
CEO's Office	1,006,761	69,134	83,897	6.87%	82.40%
Finance and Accounting	771,199	45,839	64,267	5.94%	71.33%
Materials Management	188,618	16,706	15,718	8.86%	106.28%
Human Resources	701,471	43,821	58,456	6.25%	74.96%
General Administration	595,856	30,929	49,655	5.19%	62.29%
Capital Project Management	329,103	17,191	27,425	5.22%	62.68%
Marketing & Communications	685,721	50,508	57,143	7.37%	88.39%
Safety & Security	1,449,103	86,494	120,759	5.97%	71.63%
Staples Street Center	996,766	74,468	83,064	7.47%	89.65%
Port Ayers Cost Center	-	538	-	0.00%	0.00%
Debt Service	1,423,053	-	118,588	0.00%	0.00%
Special Projects	200,000	-	16,667	0.00%	0.00%
Subrecipient Grant Agreements	49,694	467	4,141	0.94%	11.28%
Street Improvements Program for CCRTA Region Entities	3,021,641	251,803	251,803	8.33%	100.00%
<b>Total Expenses</b>	<b>40,101,033</b>	<b>2,824,047</b>	<b>3,341,753</b>	<b>7.04%</b>	<b>84.51%</b>
<b>Revenues Over Expenses - Operating Budget</b>	<b>2,209,949</b>	<b>1,267,706</b>	<b>(203,240)</b>		
<b>CIP BUDGET</b>					
	A	B	C = A / 12	B / A	
<b>Funding Sources</b>					
Transfer In	\$ 1,763,046	146,921	146,921	8.33%	100.00%
Grant Revenue	12,631,327	333,920	333,920	2.64%	0.00%
<b>Total Funding Sources</b>	<b>14,394,373</b>	<b>480,841</b>	<b>480,841</b>	<b>3.34%</b>	<b>100.00%</b>
<b>Capital Expenditures</b>					
Grant Eligible Costs	\$ 12,631,327	333,920	333,920	2.64%	0.00%
Depreciation Expenses	3,972,995	331,083	331,083	8.33%	100.00%
<b>Total Expenditures</b>	<b>16,604,322</b>	<b>665,003</b>	<b>665,003</b>	<b>4.00%</b>	<b>100.00%</b>
<b>Funding Sources Over Expenditures</b>	<b>(2,209,949)</b>	<b>(184,162)</b>	<b>(184,162)</b>	<b>8.33%</b>	<b>100.00%</b>
<b>Revenues Over Expenses - Operating Budget</b>	<b>2,209,949</b>	<b>1,267,706</b>	<b>(203,240)</b>		
<b>Revenues Over Expenses - CIP Budget</b>	<b>(2,209,949)</b>	<b>(184,162)</b>	<b>(184,162)</b>		
<b>Revenues Over Expenses (including rounding)</b>	<b>(0)</b>	<b>1,083,544</b>	<b>(387,402)</b>		

Corpus Christi Regional Transportation Authority  
 Operating and Capital Budget Report  
 For the month ended September 2020

OPERATING BUDGET	09/2020				
	2020 Adopted Budget	YTD 2020 Actual	YTD Baseline into Budget	% YTD Actual to Budget	% Actual to Baseline
	A	B	C = A / 12 * 9	B / A	C vs B
<b>Revenues</b>					
Passenger service	\$ 1,840,710	\$ 879,594	\$ 1,380,533	47.79%	63.71%
Bus advertising	158,731	91,463	119,048	57.62%	76.83%
Other operating revenues	622,779	41,488	467,084	6.66%	8.88%
Sales Tax Revenue	37,762,468	24,882,298	25,980,460	65.89%	95.77%
Federal, state and local grant assistance	874,476	15,518,944	655,857	1774.66%	2366.21%
Investment Income	565,803	162,822	424,352	28.78%	38.37%
Staples Street Center leases	486,015	364,229	364,511	74.94%	99.92%
<b>Total Revenues</b>	<b>42,310,982</b>	<b>41,940,837</b>	<b>29,391,846</b>	<b>99.13%</b>	<b>142.70%</b>
<b>Expenses</b>					
Transportation	10,158,674	7,268,975	7,619,005	71.55%	95.41%
Customer Programs	564,293	382,588	423,220	67.80%	90.40%
Purchased Transportation	7,105,315	5,254,390	5,328,986	73.95%	96.60%
Service Development	608,237	373,835	456,178	61.46%	81.95%
MIS	1,349,557	909,467	1,012,168	67.39%	89.85%
Vehicle Maintenance	5,738,762	3,697,925	4,304,071	64.44%	85.92%
Facilities Maintenance	2,834,107	1,962,268	2,125,580	69.24%	92.32%
Contracts and Procurements	323,102	239,286	242,327	74.06%	98.75%
CEO's Office	1,006,761	717,079	755,071	71.23%	94.97%
Finance and Accounting	771,199	542,948	578,399	70.40%	93.87%
Materials Management	188,618	149,929	141,463	79.49%	105.98%
Human Resources	701,471	545,627	526,103	77.78%	103.71%
General Administration	595,856	295,592	446,892	49.61%	66.14%
Capital Project Management	329,103	159,443	246,827	48.45%	64.60%
Marketing & Communications	685,721	427,893	514,291	62.40%	83.20%
Safety & Security	1,449,103	820,405	1,086,827	56.61%	75.49%
Staples Street Center	996,766	696,912	747,574	69.92%	93.22%
Port Ayers Cost Center	-	12,849	-	0.00%	0.00%
Debt Service	1,423,053	266,900	1,067,290	18.76%	25.01%
Special Projects	200,000	-	150,000	0.00%	0.00%
Subrecipient Grant Agreements	49,694	326,489	37,271	657.00%	876.00%
Street Improvements Program for CCRTA Region Entities	3,021,641	2,266,231	2,266,231	75.00%	100.00%
<b>Total Expenses</b>	<b>40,101,033</b>	<b>27,317,033</b>	<b>30,075,775</b>	<b>68.12%</b>	<b>90.83%</b>
<b>Revenues Over Expenses - Operating Budget</b>	<b>2,209,949</b>	<b>14,623,804</b>	<b>(683,929)</b>		
<b>CIP BUDGET</b>					
	A	B	C = A / 12 * 9	B / A	
<b>Funding Sources</b>					
Transfer In	\$ 1,763,046	1,028,444	1,028,444	58.33%	100.00%
Grant Revenue	12,631,327	523,497	523,497	4.14%	0.00%
<b>Total Funding Sources</b>	<b>14,394,373</b>	<b>1,551,941</b>	<b>1,551,941</b>	<b>10.78%</b>	<b>100.00%</b>
<b>Capital Expenditures</b>					
Grant Eligible Costs	\$ 12,631,327	523,497	523,497	4.14%	0.00%
Depreciation Expenses	3,972,995	2,979,745	2,979,745	75.00%	100.00%
<b>Total Expenditures</b>	<b>16,604,322</b>	<b>3,503,242</b>	<b>3,503,242</b>	<b>21.10%</b>	<b>100.00%</b>
<b>Funding Sources Over Expenditures</b>	<b>(2,209,949)</b>	<b>(1,951,301)</b>	<b>(1,951,301)</b>	<b>88.30%</b>	<b>100.00%</b>
<b>Revenues Over Expenses - Operating Budget</b>	<b>2,209,949</b>	<b>14,623,804</b>	<b>(683,929)</b>		
<b>Revenues Over Expenses - CIP Budget</b>	<b>(2,209,949)</b>	<b>(1,951,301)</b>	<b>(1,951,301)</b>		
<b>Revenues Over Expenses (including rounding)</b>	<b>(0)</b>	<b>12,672,503</b>	<b>(2,635,231)</b>		

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
Statement of Net Position  
Month ended September 30, 2020, and year ended December 31, 2019

	Unaudited September 30 2020	Unaudited December 31 2019
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 44,728,979	\$ 27,157,466
Receivables:		
Sales and Use Taxes	6,142,247	6,183,019
Accrued Interest	-	-
Federal Government	337,828	410,980
Other	320,530	1,263,308
Inventories	1,011,338	675,774
Prepaid Expenses	1,006,396	509,201
<b>Total Current Assets</b>	<b>53,547,317</b>	<b>36,199,748</b>
<b>Non-Current Assets:</b>		
<b>Capital Assets:</b>		
Land	5,381,969	5,381,969
Buildings	53,734,210	53,734,210
Transit Stations, Stops and Pads	24,409,826	24,409,826
Other Improvements	5,525,123	5,525,123
Vehicles and Equipment	61,516,982	61,516,982
Construction in Progress	234,089	167,718
Current Year Additions	951,664	-
<b>Total Capital Assets</b>	<b>151,753,863</b>	<b>150,735,827</b>
Less: Accumulated Depreciation	(81,866,466)	(78,886,721)
<b>Net Capital Assets</b>	<b>69,887,397</b>	<b>71,849,106</b>
<b>Total Non-Current Assets</b>	<b>69,887,397</b>	<b>71,849,106</b>
<b>TOTAL ASSETS</b>	<b>123,434,714</b>	<b>108,048,854</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow related to pensions	4,131,381	4,131,381
Deferred outflow on extinguishment of debt	3,487,864	3,487,864
<b>Total Deferred Outflows</b>	<b>7,619,245</b>	<b>7,619,245</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>131,053,959</b>	<b>115,668,099</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts Payable	694,804	736,501
Current Portion of Long-Term Liabilities:		
Long-Term Debt	815,000	815,000
Compensated Absences	273,355	273,355
Sales Tax Audit Funds Due	-	246,366
Distributions to Regional Entities Payable	5,791,553	3,525,322
Other Accrued Liabilities	1,121,537	718,297
<b>Total Current Liabilities</b>	<b>8,696,249</b>	<b>6,314,841</b>
<b>Non-Current Liabilities:</b>		
Long-Term Liabilities, Net of Current Portion:		
Long-Term Debt	19,450,000	19,450,000
Compensated Absences	269,885	269,885
Sales Tax Audit Funds Due	1,177,096	930,730
Net Pension Liability	2,455,449	2,455,449
Net OPEB Obligation	970,134	970,134
<b>Total Non-Current Liabilities</b>	<b>24,322,564</b>	<b>24,076,198</b>
<b>TOTAL LIABILITIES</b>	<b>33,018,813</b>	<b>30,391,039</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pensions	3,956,764	3,956,764
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>36,975,577</b>	<b>34,347,803</b>
<b>Net Position:</b>		
Net Invested in Capital Assets	49,622,397	51,584,106
Unrestricted	44,455,986	29,736,190
<b>TOTAL NET POSITION</b>	<b>\$ 94,078,382</b>	<b>\$ 81,320,296</b>

**Corpus Christi Regional Transportation Authority**  
**Statement of Cash Flows (Unaudited)**  
**For the month ended September 30, 2020**

	<u>9/30/2020</u>
<b>Cash Flows From Operating Activities:</b>	
Cash Received from Customers	\$ 57,198
Cash Received from Bus Advertising and Other Ancillary	117,570
Cash Payments to Suppliers for Goods and Services	(1,849,524)
Cash Payments to Employees for Services	(701,724)
Cash Payments for Employee Benefits	(220,377)
<b>Net Cash Used for Operating Activities</b>	<u><b>(2,596,857)</b></u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Sales and Use Taxes Received	2,744,819
Grants and Other Reimbursements	6,212,665
Distributions to Subrecipient Programs	(467)
Distributions to Region Entities	-
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u><b>8,957,017</b></u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Federal and Other Grant Assistance	7,493
Proceeds/Loss from Sale of Capital Assets	-
Proceeds from Bonds	-
Repayment of Long-Term Debt	-
Interest and Fiscal Charges	-
Purchase and Construction of Capital Assets	(67,785)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u><b>(60,292)</b></u>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	8,289
Purchases of Investments	-
Maturities and Redemptions of Investments	-
Premiums/Discounts on Investments	-
<b>Net Cash Provided by Investing Activities</b>	<u><b>8,289</b></u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>6,308,157</b>
<b>Cash and Cash Equivalents (Including Restricted Accounts), September 1, 2020</b>	<b>38,420,822</b>
<b>Cash and Cash Equivalents (Including Restricted Accounts), September 30, 2020</b>	<b>\$ <u><u>44,728,979</u></u></b>



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

Board of Directors Meeting Memo

November 4, 2020

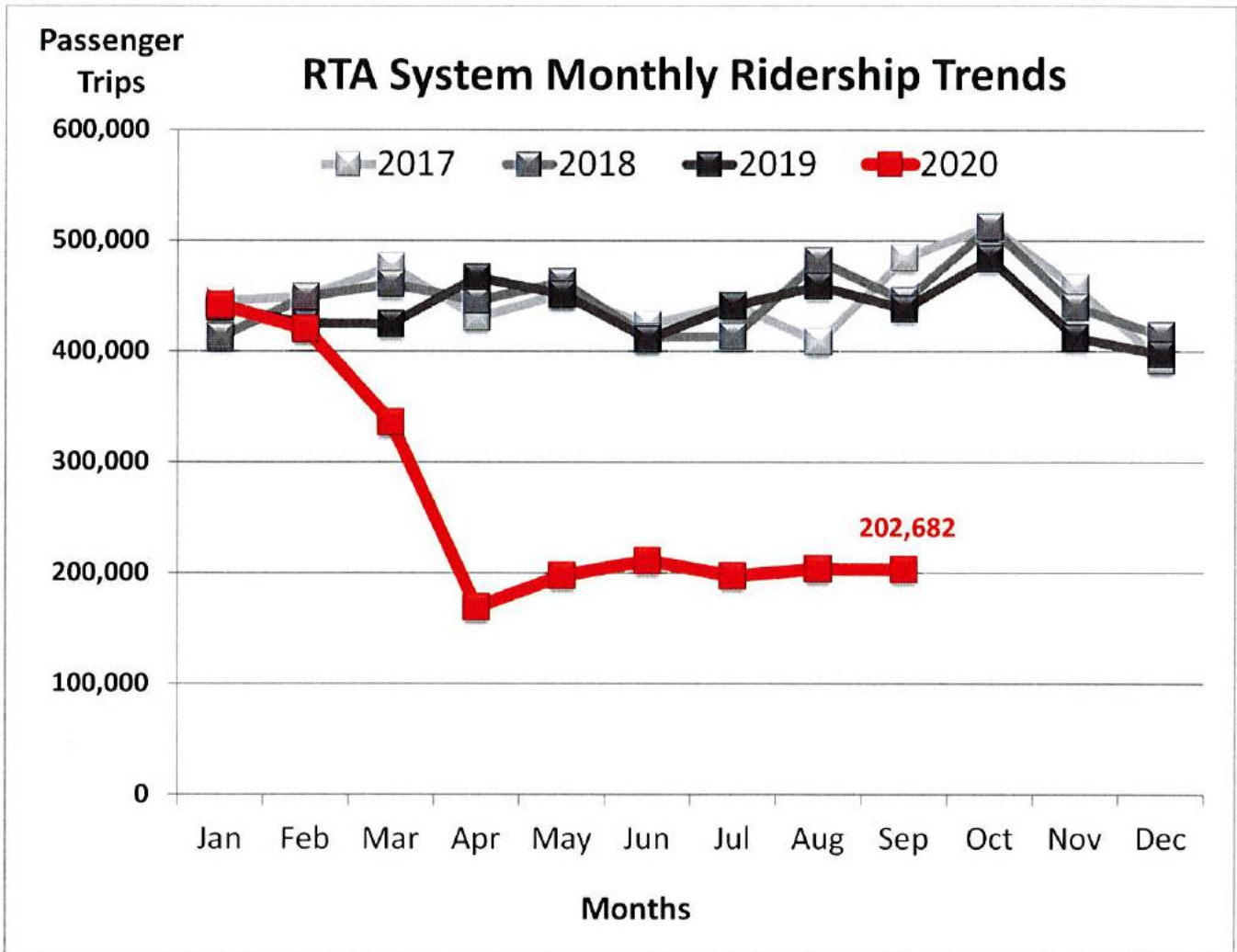
**Subject:** September 2020 Operations Report

The system-wide monthly operations performance report is included below for your information and review. This report contains monthly and Year-to-Date (YTD) operating statistics and performance measurement summaries containing ridership, performance metrics by service type, miles between road calls and customer service feedback.



**System-wide Ridership and Service Performance Results**

In September 2020, system-wide ridership levels continued to be adversely impacted by the COVID-19 pandemic. Boardings totaled 202,682 which represents a decrease of 53.8% as compared to 438,264 boardings in September 2019 or 235,582 fewer boardings this month.

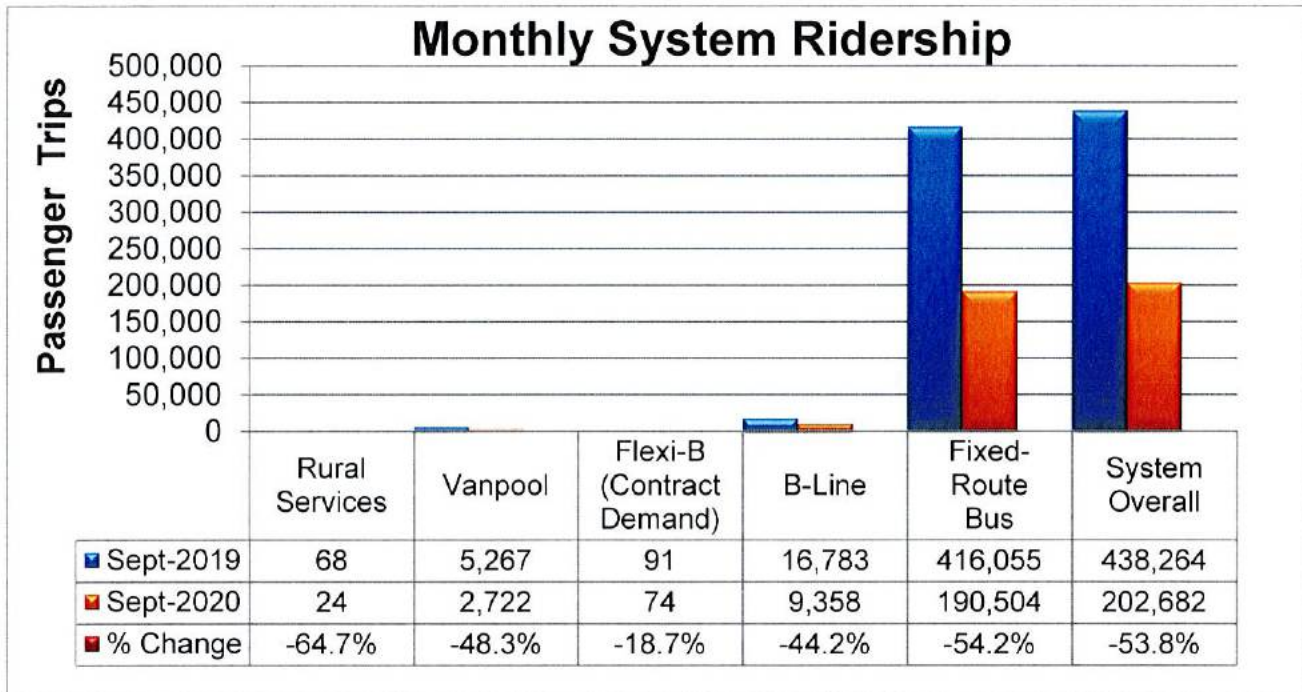


September 2019	September 2020	Variance
20 Weekdays	21 Weekdays	+1
4 Saturdays	4 Saturdays	-
5 Sundays	4 Sundays	-1
1 Labor Day Holiday	1 Labor Day Holiday	-
30 Days	30 Days	-

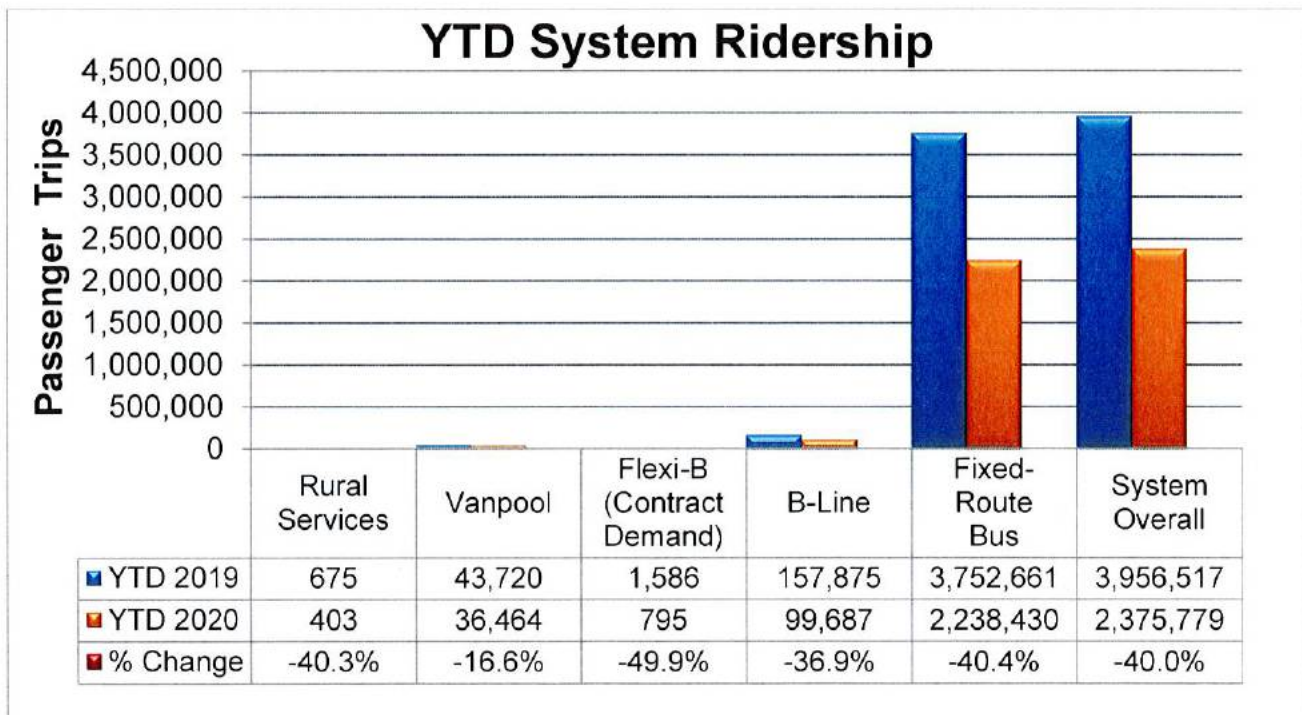
In September 2020, the average retail price for unleaded gas in Corpus Christi was approximately \$1.88 per gallon compared to approximately \$2.36 per gallon in September 2019<sup>1</sup>. September rainfall continued to be below normal at 3.54 inches and similar to last year with 3.91 inches in September 2019. Historically, the average rainfall in September is 4.98 inches.<sup>2</sup> The average high temperature was normal at 90.5 degrees.

1. GasBuddy.com historical data at <http://www.gasbuddy.com>.  
 2. [https:// www.usclimatedata.com/climate/corpus-christi/texas/united-states](https://www.usclimatedata.com/climate/corpus-christi/texas/united-states)

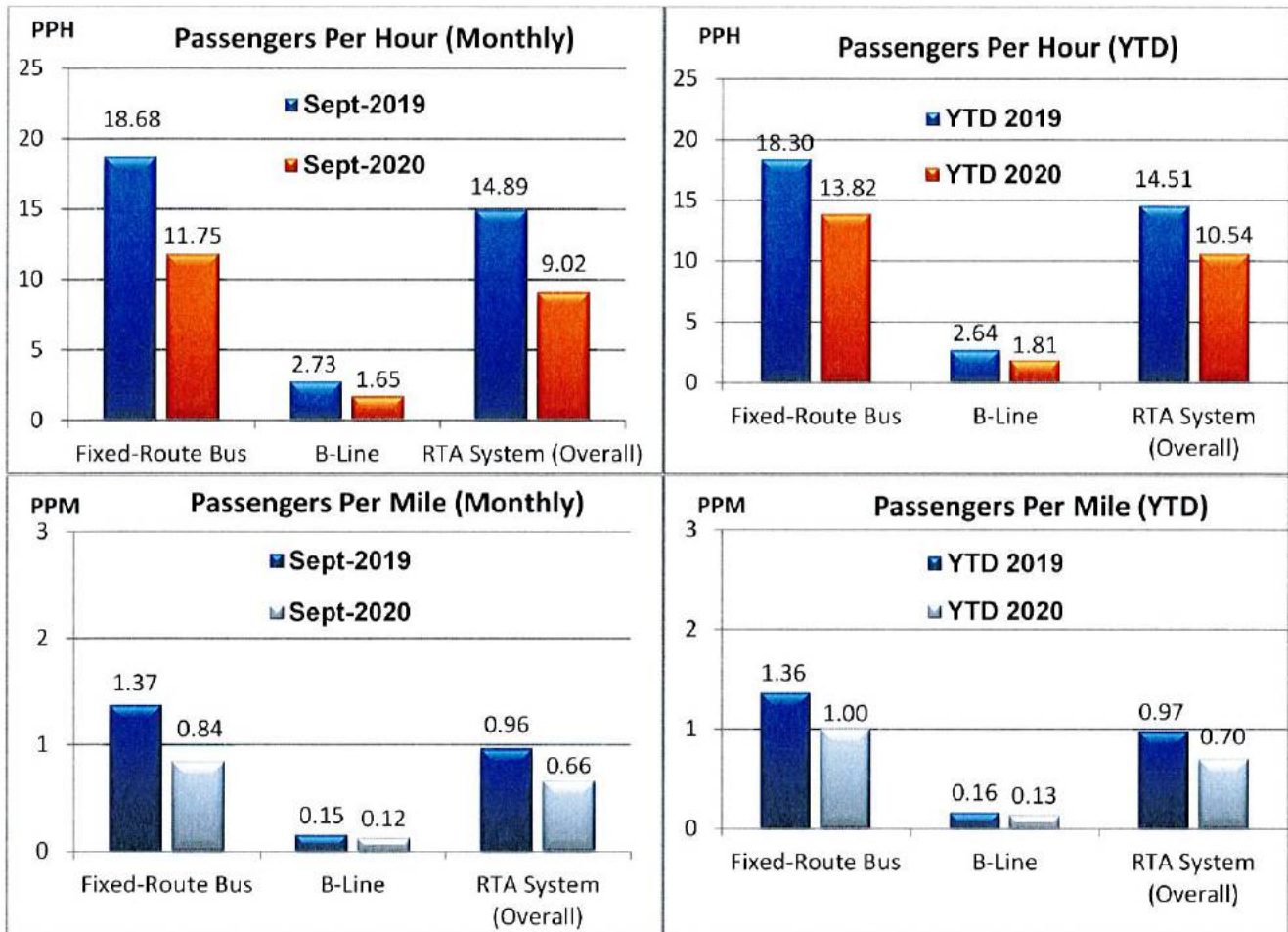
The chart below shows monthly ridership results for all services. CCRTA recorded 235,582 fewer boardings for a decrease of 53.8% as compared to September 2019.



The chart below shows YTD ridership results for all services. CCRTA has recorded 1,580,738 fewer boardings for a YTD decrease of -40.0% in 2020 as compared to the same period in 2019.



The following charts report system-wide productivity for the month of September 2020 vs. September 2019 and YTD figures.



The following table shows on-time performance of fixed route services.

Schedule Adherence	Standard	Jun-20	Jul-20	Aug-20	Sep-20	4-Month Average
Early Departure	<1%	0.0%	0.0%	0.7%	0.3%	0.3%
Departures within 0-5 minutes	>85%	97.3%	94.1%	96.1%	92.4%	95.0%
Monthly Wheelchair Boardings	No standard	2,551	2,954	3,213	3,331	3,012
Monthly Bicycle Boardings	No standard	4,641	4,636	4,608	4,312	4,549

**The following construction projects potentially impact current or future on-time performance:**

On Detour	<ul style="list-style-type: none"> <li>• <b>North Beach-U.S. 181</b> realignment (Harbor Bridge reconstruction)               <ul style="list-style-type: none"> <li>➤ Routes 76 &amp; 78</li> </ul> </li> </ul>
On Detour	<ul style="list-style-type: none"> <li>• <b>Winnebago &amp; Lake St.</b>-(Harbor Bridge reconstruction): Began August 2020               <ul style="list-style-type: none"> <li>➤ Route 12</li> </ul> </li> </ul>
On Detour	<ul style="list-style-type: none"> <li>• <b>Morgan Ave.</b> (Crosstown-Ocean) 15-month project: To be complete July 2021               <ul style="list-style-type: none"> <li>➤ Route 23</li> </ul> </li> </ul>
On Detour	<ul style="list-style-type: none"> <li>• <b>Leopard Street TxDOT Project</b> (Mexico to Doss St.) (24) month project: To be complete late 2021               <ul style="list-style-type: none"> <li>➤ Routes 27</li> </ul> </li> </ul>
On Detour	<ul style="list-style-type: none"> <li>• <b>Everhart Road</b> (Holly Rd-SPID) (22) month project: Began September 2019               <ul style="list-style-type: none"> <li>➤ Routes 17 &amp; 32</li> </ul> </li> </ul>
On Detour	<ul style="list-style-type: none"> <li>• <b>Everhart Road</b> (SPID-McArdle): Project to begin mid-June 2021.               <ul style="list-style-type: none"> <li>➤ Route 32</li> </ul> </li> </ul>
On Detour	<ul style="list-style-type: none"> <li>• <b>Ayers Street (SPID-Gollihar)</b> (28) month project: Began January 2020               <ul style="list-style-type: none"> <li>➤ Route 19</li> </ul> </li> </ul>
No Detour	<ul style="list-style-type: none"> <li>• <b>Sea Town Improvements</b> (5) month project: Began Jan. 2020               <ul style="list-style-type: none"> <li>➤ Routes 76 &amp; 78</li> </ul> </li> </ul>
No Detour	<ul style="list-style-type: none"> <li>• <b>S. Staples St.</b> (Kostoryz- Baldwin) (29) month project: To begin Dec. 2020               <ul style="list-style-type: none"> <li>➤ Route 29</li> </ul> </li> </ul>
Future Detour	<ul style="list-style-type: none"> <li>• <b>Leopard St.</b> (Nueces Bay to Palm) (14) month project: To begin October 2020 with anticipated completion in late 2021               <ul style="list-style-type: none"> <li>➤ Routes 27</li> </ul> </li> </ul>
Future Detour	<ul style="list-style-type: none"> <li>• <b>Leopard St.</b> (Crosstown to Palm) (14) month project: To begin January 2021 with anticipated completion in mid-2022               <ul style="list-style-type: none"> <li>➤ Routes 27</li> </ul> </li> </ul>
Future Detour	<ul style="list-style-type: none"> <li>• <b>Airline Rd.</b> (SPID-McArdle) (7) month project: To begin January 2021               <ul style="list-style-type: none"> <li>➤ Routes 26 &amp; 65</li> </ul> </li> </ul>
Future Detour	<ul style="list-style-type: none"> <li>• <b>Laguna Shores Rd.</b> (SPID-Wyndale) (14) month, (3) Phase project: To begin late August 2020 with anticipated completion in October 2022               <ul style="list-style-type: none"> <li>➤ Routes 3 &amp; 4</li> </ul> </li> </ul>
No Detour	<ul style="list-style-type: none"> <li>• <b>McArdle Road</b> (Carroll-Kostoryz) (6) month project: To begin early-2021               <ul style="list-style-type: none"> <li>➤ Route 19</li> </ul> </li> </ul>
No Detour	<ul style="list-style-type: none"> <li>• <b>Gollihar Road</b> (Greenwood-Crosstown) In design. To begin mid-2021               <ul style="list-style-type: none"> <li>➤ Routes 23 &amp; 25</li> </ul> </li> </ul>
No Detour	<ul style="list-style-type: none"> <li>• <b>S. Alameda St.</b> (Louisiana-Chamberlain) (12) month project: To begin mid-2021               <ul style="list-style-type: none"> <li>➤ Routes 5 &amp; 17</li> </ul> </li> </ul>

In September 2020, there were seven detoured routes or 22% out of 32 fixed route services travelling on the local street network. Detoured services include: 12, 19, 23, 27, 32, 76 & 78.

In the future, four additional routes will be detoured for construction projects: 3, 4, 26, & 65.

**Purchased Transportation Department Report: B-Line Service Contract Standards & Ridership Statistics**

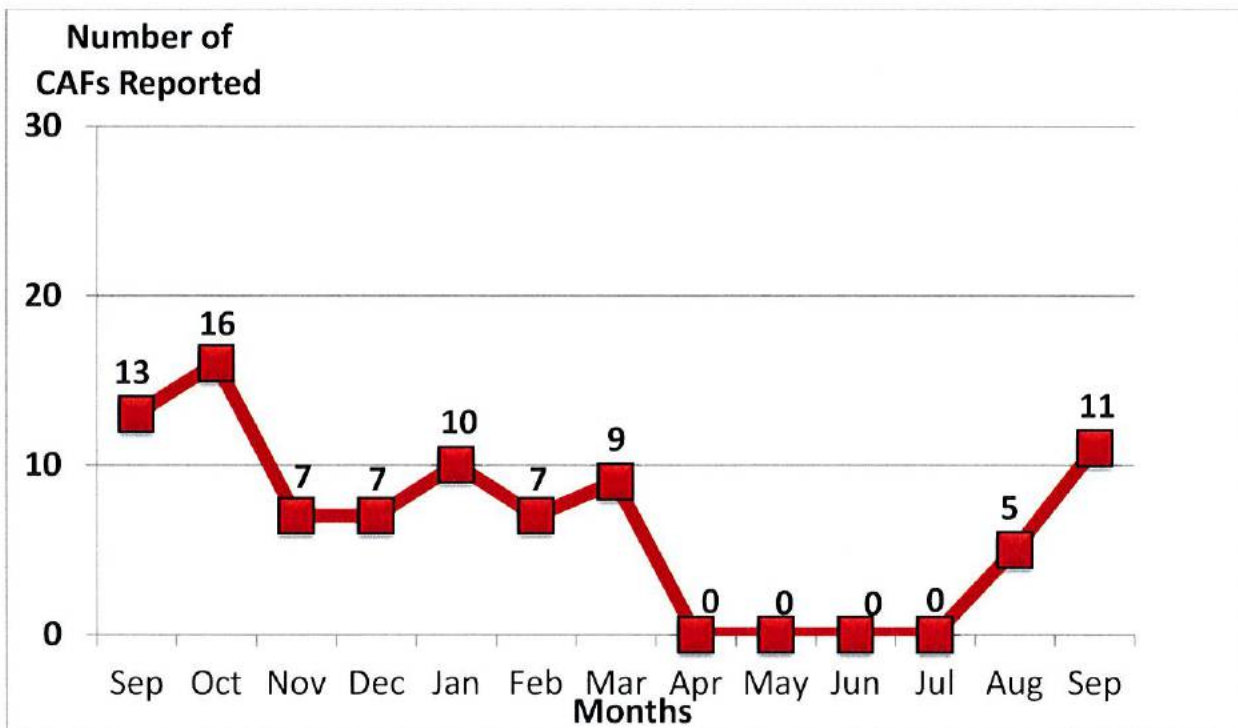
In September 2020, B-Line service metrics were impacted by the COVID-19 pandemic.

- Productivity: **1.65** PPH did not meet the contract standard of 2.50 PPH.
- Denials: 0 denials or **0.0%** did meet contract standard of 0.0%.
- Miles between Road Calls (MBRC): **6,130** did not meet the contract standard of 12,250 miles.
- Ridership Statistics: **6,390** ambulatory boardings; **2,359** wheelchair boardings

Metric	Standard	Jun-20	Jul-20	Aug-20	Sep-20	(4) Month-Ave.
Passengers per Hour	2.50	1.67	1.60	1.61	1.65	1.63
Denials	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
Miles Between Road calls	12,250	6,195	6,877	5,740	6,130	6,236
Monthly Wheelchair Boardings	No standard	2,551	2,203	2,127	2,359	2,310

**1. Customer Programs Monthly Customer Assistance Form (CAF) Report**

For September 2020, Customer Service received and processed 11 Customer Assistance Forms (CAF's) of which all were verified as valid. Two commendations were received this month.



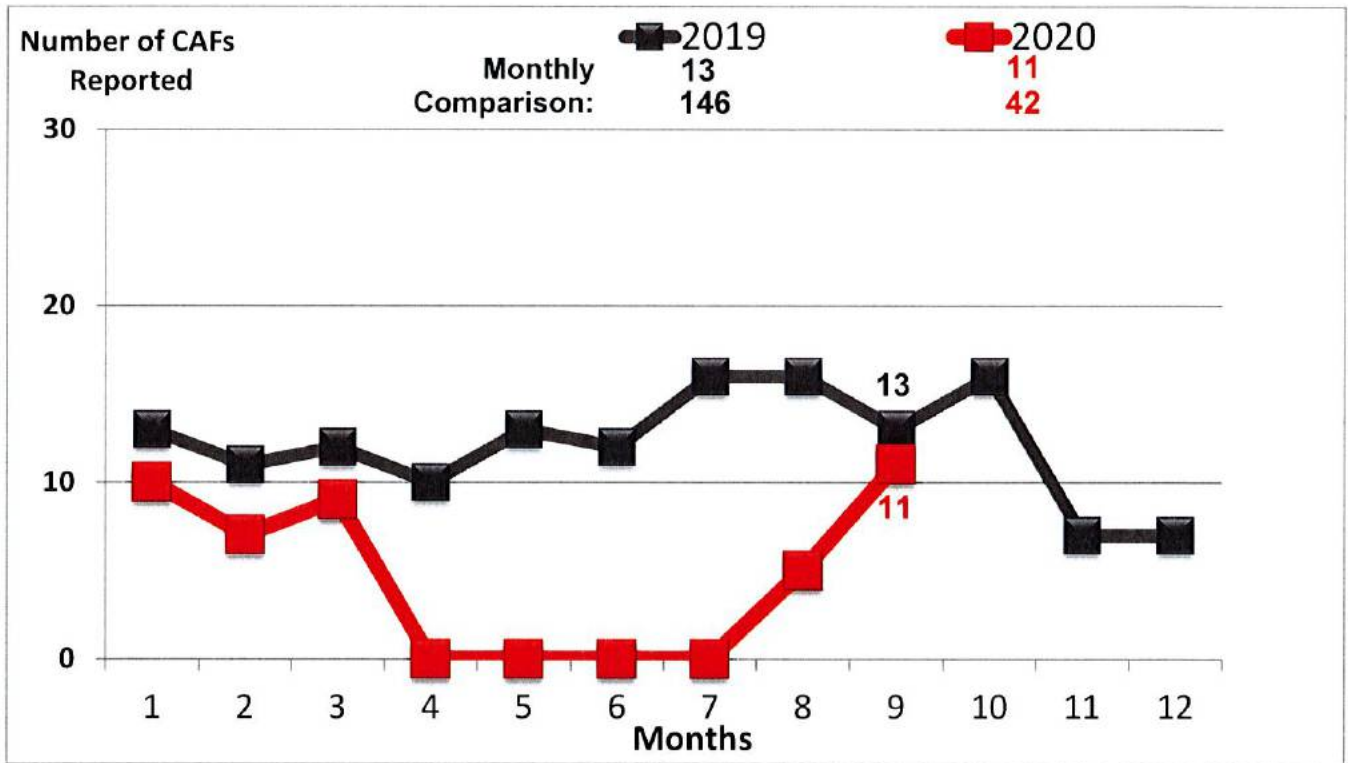
**Route Summary Report for September 2020:**

Route	# of CAFs	Route	# of CAFs
#3 NAS Shuttle		#34 Robstown North Circulator	
#4 Flour Bluff		#35 Robstown South Circulator	
#5 Alameda		#37 Crosstown/TAMUCC	1
#5x Alameda Express		#50 Calallen/NAS Ex (P&R)	
#6 Santa Fe/Malls		#51 Gregory/NAS Ex (P&R)	
#12 Saxet Oak Park		#53 Robstown/NAS Ex (P&R)	
#15 Kostoryz		#54 Gregory/Downtown Express	
#16 Morgan		#56 Flour Bluff/Downtown Express	
#17 Carroll/Southside		#60 Islander Connection	
#19 Ayers		#65 Padre Island Connection	
#19G Greenwood	1	#76 Harbor Bridge Shuttle	
#19M McArdle		#78 North Beach Shuttle	
#21 Arboleda		#90 Flexi-B Port Aransas	
#23 Molina		#93 Flex	
#25 Gollihar/Greenwood		#94 Port Aransas Shuttle	
#26 Airline/Lipes		#95 Port Aransas Express	
#27 Northwest	1	B-Line (Paratransit) Services	2
#27x Northwest (Express)		Safety/Transportation	3
#28 Leopard/Omaha		Facilities Maintenance	
#29 Staples		Customer Service Department	
#29F Staples/Flour Bluff	1	Service Development/Facilities	1
#29SS Staples/Spohn South		Facilities/Service Development	1
#30 Westside/Health Clinic		Transportation (Other)	
#32 Southside		<b>TOTAL CAF's</b>	<b>11</b>

**September 2020 CAF Breakdown by Service Type:**

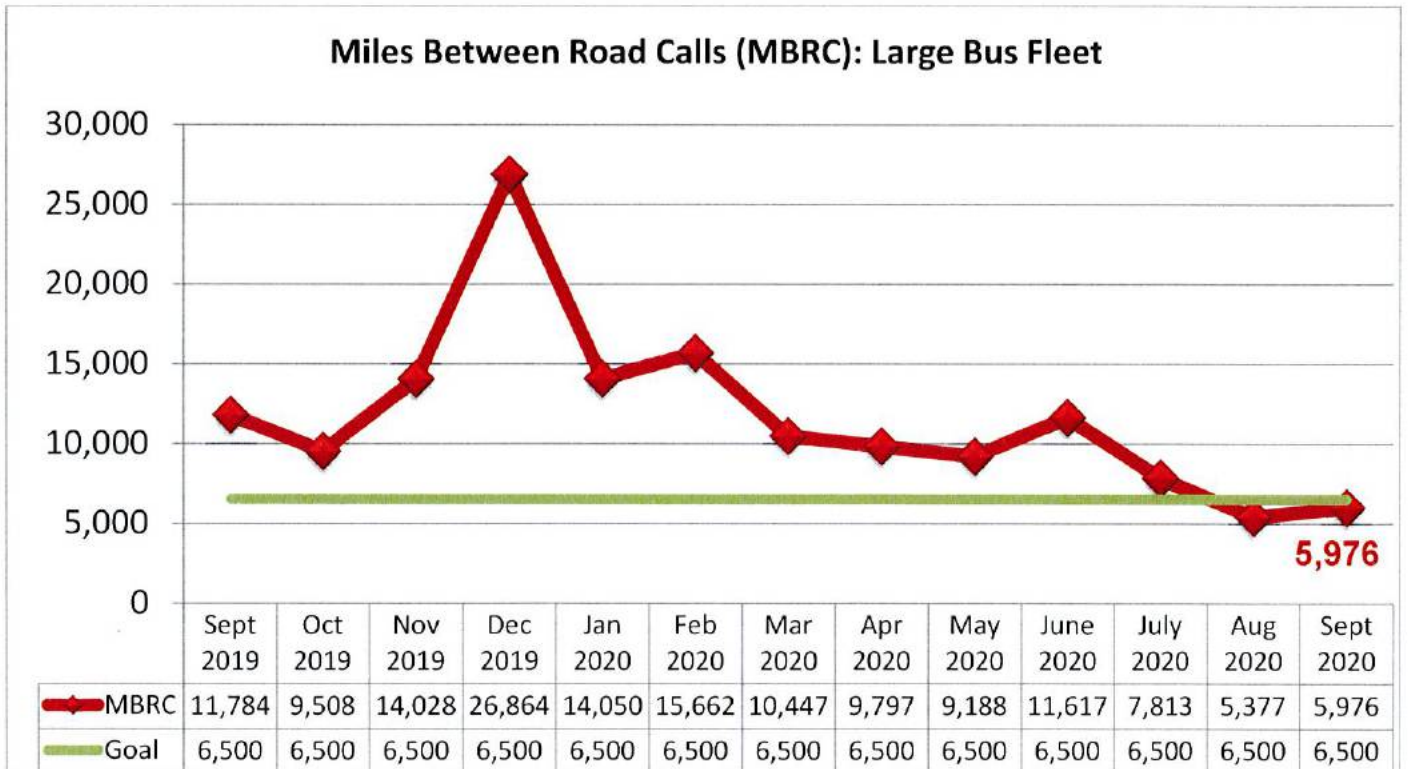
CAF Category	RTA Fixed Route	B-Line ADA Paratransit	MV Fixed Route	Totals
ADA				
Service Stop Issues				
Driving Issues	2			2
Customer Services				
Late/Early – No Show				
Alleges Injury	3			3
Fare/Transfer Dispute				
Clean Trash Can				
Dispute Drop-off/Pickup				
Add Bench/Stop				
Tie Down Issues				
Inappropriate Behavior				
B-line Calls				
Incident at Stop				
Incident on Bus				
Incident at Station				
Policy				
Denial of Service	1			1
Safety & Security				
Rude	1			1
Facility Maintenance				
Service Development	1			1
Transportation (Other)				
Over Crowded Vehicle				
Route Suggestion	1			1
Service Maintenance				
Commendations		2		2
<b>Total CAFs</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>11</b>

**CAF Reports: Current and Historical Trends**



**Vehicle Maintenance Department: Miles Between Road Calls Report**

In September 2020, there were 5,976 miles between road calls (MBRC) recorded as compared to 11,784 MBRC in September 2019. A standard of 6,500 miles between road calls is used based on the fleet size, age and condition of CCRTA vehicles. In addition, seasonal high weather temperatures impact the number of road calls.




**Board Priority**

The Board Priority is Public Image and Transparency.

Respectfully Submitted,

Submitted by: Gordon Robinson  
Director of Planning

Reviewed by: Derrick Majchszak  
Managing Director of Operations

Final Approval by:   
\_\_\_\_\_  
Jorge G. Cruz-Aedo  
Chief Executive Officer

## Administration Finance Committee Member Inquiry

Meeting Date	Agenda Item #	Member Name	Inquiry	Response	Response Date
9/23/2020	7.	L. Allison	In reference to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Authorize Staff to release a Bundled Services RFP to solicit proposals for portfolio management services for the CCRTA Defined Benefit Plan and Trust and the 403(b) Defined Contribution Plan and Trust, Ms. Allison asked, have we always opted out of the Social Security contribution?	Mr. Saldana responded in the affirmative.	9/23/2020
9/23/2020	7.	G. Martin	In reference to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Authorize Staff to release a Bundled Services RFP to solicit proposals for portfolio management services for the CCRTA Defined Benefit Plan and Trust and the 403(b) Defined Contribution Plan and Trust, Mr. Martin asked, does the RTA match the employees contribution?	Mr. Saldana responded that we do not match because this isn't a 401K type plan. We do have a traditional pension plan where you get money when you retire.	9/23/2020
9/23/2020	7.	G. Martin	In reference to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Authorize Staff to release a Bundled Services RFP to solicit proposals for portfolio management services for the CCRTA Defined Benefit Plan and Trust and the 403(b) Defined Contribution Plan and Trust, Mr. Martin asked, we don't have a match per se like social security?	Mr. Saldana responded, no we do not, we are public agency, so we don't do a 401k.	9/23/2020

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## Board Member Inquiry

Meeting Date	Agenda Item #	Member Name	Inquiry	Response	Response Date
10/7/2020	8.a.	L. Allison	In reference to the update from Longbow Partners, Ms. Allison asked, if the board would be able to meet before meetings in the Spring?	Mr. Castaneda responded in the affirmative.	10/7/2020
10/7/2020	8.a.	L. Allison	In reference to the update from Longbow Partners, Ms. Allison asked, if the capitol was open and how the communication with representatives have been?	Mr. Castaneda responded that the capitol is closed but they have been in communication with representatives during this time.	10/7/2020
10/7/2020	8.a.	M. Woolbright	In reference to the update from Longbow Partners, Mr. Woolbright asked, if the Governor is planning to extend the State of Emergency for Texas that is set to expire in the next couple of days?	Mr. Castaneda responded that he thinks he is going to because of the federal funding but they have not received confirmation.	10/7/2020