



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

# AGENDA MEETING NOTICE

## Committees

**DATE:** Wednesday, October 28, 2020

**TIME:** 8:30 a.m. Administration & Finance Committee Meeting, and  
Operations & Capital Projects Committee Meeting and  
Budget Workshop #6  
(estimated at 9:30 a.m., although to be held immediately following the  
Committees Meetings)

**LOCATION:** Staples Street Center  
602 North Staples Street, 2<sup>ND</sup> Floor Board Room • Corpus Christi, TX

### ADMINISTRATION & FINANCE COMMITTEE

**PATRICIA DOMINGUEZ (Chair)**

Lynn Allison ~ Glenn Martin ~ Michael Reeves ~ Eloy Salazar

	TOPIC	SPEAKER	EST.TIME	REFERENCE
1.	Roll Call	D. Linnehan	2 min.	----
2.	Safety Briefing	M. Rendón	2 min.	----
3.	Receipt of Conflict of Interest Affidavits	P. Dominguez	2 min.	----
4.	Opportunity for Public Comment 3 min. limit – no discussion	P. Dominguez	3 min.	----
<p><b>NOTE: DUE TO THE CURRENT CONDITIONS FOR COVID-19, WE ENCOURAGE SOCIAL DISTANCING AND FACE MASKS (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="#">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 MUST 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>				
5.	Update on State and Federal Legislative Proposed Initiatives and Priorities for the 2021 Legislative Session	T. Castenada, Longbow Partners Barry Rhodes, Cassidy & Assoc.	10 min.	Pages 1-2 PPT
6.	Discussion and Possible Action to Approve the Administration & Finance Committee Meeting Minutes of September 23, 2020	P. Dominguez	3 min.	Pages 1-4
7.	Discussion and Possible Action to Approve the Fiscal 2021 Board & Committee Meetings Calendar	J. Cruz-Aedo	3 min.	Page 5 Attachment A
8.	Discussion and Possible Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee 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	A. Gaitan	3 min.	Pages 6-9 PPT

9.	<b>Discussion and Possible Action</b> to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Exercise First Option Year with United Healthcare Insurance Company for Short-Term & Long-Term Disability Insurance	A. Gaitan	3 min.	<b>Pages 10-11</b> <i>PPT</i>
10.	<b>Discussion and Possible Action</b> to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Accept the Investment Performance Evaluation Report on the Defined Benefit Plan a requirement of the Pension Review Board (PRB) Filing with the State	R. Saldaña	3 min.	<b>Pages 12-13</b> <i>PPT</i> <i>Attachment B</i>
11.	<b>Discussion and Possible Action</b> to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee 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	R. Saldaña	3 min.	<b>Pages 14-16</b> <i>PPT</i> <i>Attachments C, D</i>
12.	<b>Discussion and Possible Action</b> to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee 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	R. Saldaña	3 min.	<b>Pages 17-18</b> <i>PPT</i> <i>Attachments E, F</i>
13.	<b>Adjournment</b>	P. Dominguez	1 min.	-----

**Total Estimated Time: 41 min.**

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### **OPERATIONS & CAPITAL PROJECTS COMMITTEE**

**DAN LEYENDECKER (Chair)**

**Anne Bauman ~ Anna Jimenez ~ Philip Skrobarczyk ~ Matt Woolbright**

	TOPIC	SPEAKER	EST.TIME	REFERENCE
1.	<b>Roll Call</b>	D. Linnehan	2 min.	-----
2.	<b>Safety Briefing</b>	M. Rendón	2 min.	-----
3.	<b>Receipt of Conflict of Interest Affidavits</b>	D. Leyendecker	2 min.	-----
4.	<b>Opportunity for Public Comment</b> <b>3 min. limit – no discussion</b>	D. Leyendecker	3 min.	-----
<p><b>NOTE: DUE TO THE CURRENT CONDITIONS FOR COVID-19, WE ENCOURAGE SOCIAL DISTANCING AND FACE MASKS (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 MUST 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>				
5.	<b>Discussion and Possible Action</b> to Approve the Operations & Capital Finance Committee Meetings Minutes: a) July 22, 2020 b) September 23, 2020	D. Leyendecker	3 min.	<b>Pages 1-4</b> <b>Pages 1-4</b>



6.	<b>Discussion and Possible Action</b> to Approve the Fiscal Year 2021 Holidays and Service Levels	G. Robinson	3 min.	<b>Page 1</b> <i>PPT</i> <i>Attachment A</i>
7.	<b>Discussion and Possible Action</b> to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Award a Contract to SanUVAire, LLC for Ultraviolet Germicidal Irradiation (UVGI) kits	D. Majchszak	3 min.	<b>Pages 2-3</b> <i>PPT</i>
8.	<b>Discussion and Possible Action</b> to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Award a Contract to Zeit Energy, LLC for a CNG Defueling Station	D. Majchszak	3 min.	<b>Pages 4-5</b> <i>PPT</i>
9.	<b>Adjournment</b>	D. Leyendecker	1 min.	-----

**Total Estimated Time: 22 min.**

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## BOARD OF DIRECTORS BUDGET WORKSHOP #6

	TOPIC	SPEAKER	EST.TIME	REFERENCE
1.	<b>2021 Budget Workshop #6</b> a. Dept. 85 – Sub-Recipient Agreements b. Dept. 88 – Street Maintenance c. Capital Budget d. 5-Year Service Plan e. 5-Year CIP f. 5-Year Financial Plan g. 2021 Budget Overview/Summary	R. Saldaña	45 min.	<i>PPT</i>

**Total Estimated Time: 45 min.**

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On **Friday, October 2, 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.

**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:** Accept, Review and Approve the State and Federal Legislative Proposed Initiatives and Priorities for 2021 from Longbow Partners and Cassidy & Associates

### **Background**

CCRTA contracts for State and Federal Legislative consulting services to assist with legislative priorities, initiatives, legislative process, access, and identification of discretionary funding opportunities.

2020 has been a transformative year thus far with its global pandemic, unprecedented unemployment, decline in revenue streams due to closure of many business and civil unrest.

This November's state and federal elections will bring about changes. There will be numerous opportunities and challenges facing transit. CCRTA must proactively engage with state and federal legislative policymakers to ensure our voice is heard.

### **Identified Need**

It is crucial that CCRTA have representation and advocacy that can successfully secure much needed funding for transportation in 2021.

CCRTA's consultants along with staff have identified several initiatives and priorities that will influence mass transit for the coming year, they include:

- Additional COVID-19 Relief Funds
- Surface transportation reauthorization
- Increased formula funding for public transit
- BUILD grant opportunities and other various grant programs
- Legislation authorizing an MTA to provide natural gas fueling to municipal, and county due to catastrophe or technical breakdown in fueling capabilities
- Protect, preserve and seek additional appropriation for air quality planning funds
- Consider modifications to the fare approval committee under Transportation Code 451.061
- Identify and assist in the development of various other priorities that benefit and support the mission of CCRTA

### **Board Priority**

This item aligns with all CCRTA's Board Priorities and Mission.



**Recommendation**

Staff requests the Administration & Finance Committee recommend the Board of Directors authorize the Chief Executive Officer (CEO) or his designee to accept, review and approve the State and Federal Legislative Proposed Initiatives and Priorities for 2021 from Longbow Partners and Cassidy & Associates.

Respectfully Submitted,

Submitted by: Rita Patrick  
Marketing Director

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



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
ADMINISTRATION & FINANCE COMMITTEE MEETING MINUTES  
WEDNESDAY, SEPTEMBER 23, 2020**

**Summary of Actions**

1. **Roll Call**
2. **Safety Briefing**
3. **Receipt of Conflict of Interest Affidavits**
4. **Opportunity for Public Comment**
5. **Action to Approve the Administration & Finance Committee Meeting Minutes of August 26, 2020.**
6. **Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Award a Contract to Dailey-Wells Communications for a Mobile Radio Feature Upgrade.**
7. **Action 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.**
8. **Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue a Request for Proposals (RFP) for a Bus and Bench Advertising Contract for three years with one two-year option.**
9. **Adjournment**

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. Glenn Martin called the meeting to order at 8:31 a.m., Ms. Dena Linnehan called Roll and stated a quorum was present.

**Board Members Present** Lynn Allison, Glenn Martin, Eloy Salazar and Michael Reeves.

**Board Members Absent** Patricia Dominguez.

**Staff Present** Jorge G. Cruz-Aedo, CEO; David Chapa, Dena Linnehan, Derrick Majchszak, Sharon Montez (remotely), Rita Patrick, Mike Rendón and Robert Saldaña.

**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 the area in the Employee Parking Lot where individuals are to assemble outside of the building, including shelter in-place instructions, and said Ms. Linnehan would be responsible for guiding the Board Members to the Muster Point. He also told us once you leave the building, you may not enter until an 'all clear' is given by Security personnel if or when you may re-enter.

**Action to receive Conflict of Interest Affidavits**

None received.





**Public Present** *DUE TO THE CURRENT CONDITIONS FOR COVID-19, WE ENCOURAGE SOCIAL DISTANCING AND FACE MASKS (AVAILABLE) FOR INDIVIDUALS ATTENDING THE MEETING.*

Public Comment may be provided in writing, limited to 1,000 characters, by using the [Public Comment Form](http://www.ccrta.org/news-opportunities/agenda) online at [www.ccrta.org/news-opportunities/agenda](http://www.ccrta.org/news-opportunities/agenda) or by regular mail or hand-delivery to the CCRTA at 602 N. Staples St., Corpus Christi, TX 78401, and **MUST** 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.

No public comment received in-person or online. No public attended.

**Action to Approve the Administration & Finance Committee Meeting Minutes of August 26, 2020**

**MR. MICHAEL REEVES MADE A MOTION TO APPROVE THE ADMINISTRATION & FINANCE COMMITTEE MEETING MINUTES OF AUGUST 26, 2020. MS. LYNN ALLISON SECONDED THE MOTION. THE MOTION CARRIED. ALLISON, MARTIN, SALAZAR AND REEVES VOTING IN FAVOR. ABSENT DOMINGUEZ.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Award a Contract to Dailey-Wells Communications for a Mobile Radio Feature Upgrade**

Mr. Robert Saldaña stated the Board Priority aligns with Innovation. Background information provided states the CCRTA is part owner of the City of Corpus Christi Radio Communications System that provides public safety communications. Mr. Saldaña commented this system provides the critical public safety and public service communications for the various agencies in Nueces County and surrounding areas. Due to a system upgrade and in order to be compliant with the P25 service, the agency's current mobile radio system is in the process of being updated. He also mentioned dispatch and all of our buses have a mobile radio, and a slide was presented showing all the system users with the top four having ownership; City of Corpus Christi, CCRTA, Nueces County and Port of Corpus Christi.

He stated that Dailey-Wells Communication is the only authorized L3 carrier franchisee that provide system sales and service to support this system, and all of the agencies operating on this communications system. Mr. Saldaña also commented that P25 standards were released in 1995 and is the standard for all radio systems. He said we have been experiencing a few issues as being at the end of life of the system, and this upgrade will give us a true regional system and put us back at beginning of life of the system. Mr. Saldaña commented the financial impact for the upgrade of funds were allocated in the MIS 2020 Capital Budget using local funds, and total cost is \$97,496.

**MR. REEVES MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO AWARD A CONTRACT TO DAILEY-WELLS COMMUNICATIONS FOR A MOBILE RADIO FEATURE UPGRADE. MR. ELOY SALAZAR SECONDED THE MOTION. THE MOTION CARRIED. ALLISON, MARTIN, SALAZAR AND REEVES VOTING IN FAVOR. ABSENT DOMINGUEZ.**





**Action 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. Robert Saldaña reported this item aligns with the Board Priority of Financial Transparency, and commented the agency sponsors two retirement plans for the employees; RTA Employees Defined Benefit Plan and Trust (DB Plan), and RTA Employees Defined Contribution Plan and Trust (DC Plan) since the agency does not participate in Social Security Administration. Mr. Saldaña stated both plans are administered by The Principal Financial Group (PFG) that was formerly Wells Fargo Institution Retirement & Trust Business. Each plan's administrative costs are paid from the plan's earnings. Mr. Saldaña spoke first on the DC Plan and commented that this plan is categorized by the IRS code as section 403(b) defined contribution plan which participation is a condition of employment, the required minimum contribution is 7.51 percent of earnings and the objective is to enable employees to save for retirement. He mentioned historically the agency has outsourced the administration and custodial duties of the plan to a third-party agency who specializes in this field industry. Also, the agency considers a plan provider as recommended by the Texas Pension Review Board (PRB) based on contract periods between 3 to 5 years to get better pricing and to ensure a seamless transition of this critical activity.

Mr. Saldaña commented PFG's scope of service is limited to recordkeeping, administrative duties, although a change in regulations now will allow them to provide some investment advisory duties on the DC plan, that will help the employee in selection of investments, instead of just relying on themselves when making their selection. He also commented that if PFG, or any other firm contracted for this plan, they can provide investment advice to the employees when employees are selecting their investments. He stated there is no financial impact with the plans are they are paid from the plan earnings.

**MR. REEVES MADE A MOTION 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 SECONDED THE MOTION. THE MOTION CARRIED. ALLISON, MARTIN, SALAZAR AND REEVES VOTING IN FAVOR. ABSENT DOMINGUEZ.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue a Request for Proposals (RFP) for a Bus and Bench Advertising Contract for three years with one two-year option**

Ms. Rita Patrick reported the Board Priority Financial Transparency this project aligns with. She commented on the contract is for revenue stream for the agency and includes wraps on the outside of buses, posters on the inside, on our bus benches, some shelters and transfer stations. Ms. Patrick provide inventory numbers of buses, cutaways, small buses in Port Aransas, 727 bus benches, 40 new Tolar shelters with benches and inside bus posters. The current contract was award in 2015 to Iconic Signs, LLC for a three-year contract with two 1-year options. Ms. Patrick stated due to the COVID-19 pandemic stay at home order, the agency extended Iconic's contract from July 27, 2020 to this December 31, 2020.





She said Iconic is responsible for all production of advertisements, installment of posters, wraps and bench ads, as well as perform general maintenance of advertising and removal of graffiti. She said they are also responsible for all the advertiser's contracts.

Ms. Patrick presented a slide to show the revenue financial agreement guarantees to the agency for the three-year base, first option and second option years at 37 percent of revenue. She commented due to the City's street construction in 2019 and reduction in bench advertising, and the COVID-19 pandemic impact on the advertising revenue to the CCRTA, the agency amended the second year option and lifted the minimum annual guarantee to 37 percent, or \$180K. She displayed another slide to show the breakout revenue from advertisements per bus, bench, City's portion and the agency's amount of total advertising revenues. Ms. Patrick commented on the shared revenue with the City of 1/3 of the revenues and DBE as this is a revenue generating contract and does not utilize any federal funding.

A slide showing the proposed timeline of the RFP was displayed to show the issuance October 7, 2020, pre-proposal conference, submission deadline, submission response, proposal submission, to December 2, 2020 to present to the agency's Board of Directors for approval. The contract will become effective on January 4, 2021.

**MS. ALLISON MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO ISSUE A REQUEST FOR PROPOSALS (RFP) FOR A BUS AND BENCH ADVERTISING CONTRACT FOR THREE YEARS WITH ONE TWO-YEAR OPTION. MR. SALAZAR SECONDED THE MOTION. THE MOTION CARRIED. ALLISON, MARTIN, SALAZAR AND REEVES VOTING IN FAVOR. ABSENT DOMINGUEZ.**

#### **Adjournment**

There being no further review of items, the meeting adjourned at 8:59 a.m.

Submitted by: Dena Linnehan



**Subject:** Adopt the Fiscal 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.

**Recommendation**

Staff requests the Administration & Finance Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or his designee to Adopt the 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**

JANUARY						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

**January**

**6<sup>TH</sup> – BOARD Mtg.**  
8:30 a.m.

**27<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

**July**

**7<sup>TH</sup> – BOARD Mtg.**  
8:30 a.m.

**28<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

JULY						
S	M	T	W	T	F	S
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FEBRUARY						
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21	22	23	24	25	26	27
28						

**February**

**3<sup>RD</sup> – BOARD Mtg.**  
8:30 a.m.

**24<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

**August**

**4<sup>TH</sup> – BOARD Mtg.**  
8:30 a.m.

**25<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

AUGUST						
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29	30	31				

MARCH						
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28	29	30	31			

**March**

**3<sup>RD</sup> – BOARD Mtg.**  
8:30 a.m.

**24<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

**September**

**1<sup>ST</sup> – BOARD Mtg.**  
8:30 a.m.

**22<sup>ND</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

SEPTEMBER						
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APRIL						
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25	26	27	28	29	30	

**April**

**7<sup>TH</sup> – BOARD Mtg.**  
8:30 a.m.

**28<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

**October**

**6<sup>TH</sup> – BOARD Mtg.**  
8:30 a.m.

**27<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

OCTOBER						
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24/31	25	26	27	28	29	30

MAY						
S	M	T	W	T	F	S
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2	3	4	5	6	7	8
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**May**

**5<sup>TH</sup> – BOARD Mtg.**  
8:30 a.m.

**26<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

**November**

**3<sup>RD</sup> – BOARD Mtg.**  
8:30 a.m.

**17<sup>TH</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

NOVEMBER						
S	M	T	W	T	F	S
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JUNE						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

**June**

**2<sup>ND</sup> – BOARD Mtg.**  
8:30 a.m.

**23<sup>RD</sup> – COMMITTEE Mtgs.**  
8:30 a.m. Admin. & Finance  
9:30 a.m. Ops.&Cap.Projects  
*(est. held after Admin. mtg.)*

**December**

**1<sup>ST</sup> – BOARD Mtg.**  
8:30 a.m.

**No COMMITTEE Mtgs.**

DECEMBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

Legend: Meetings – BOD & COMM # in red = CCRTA Holidays (Closed or Reduced Service)





**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

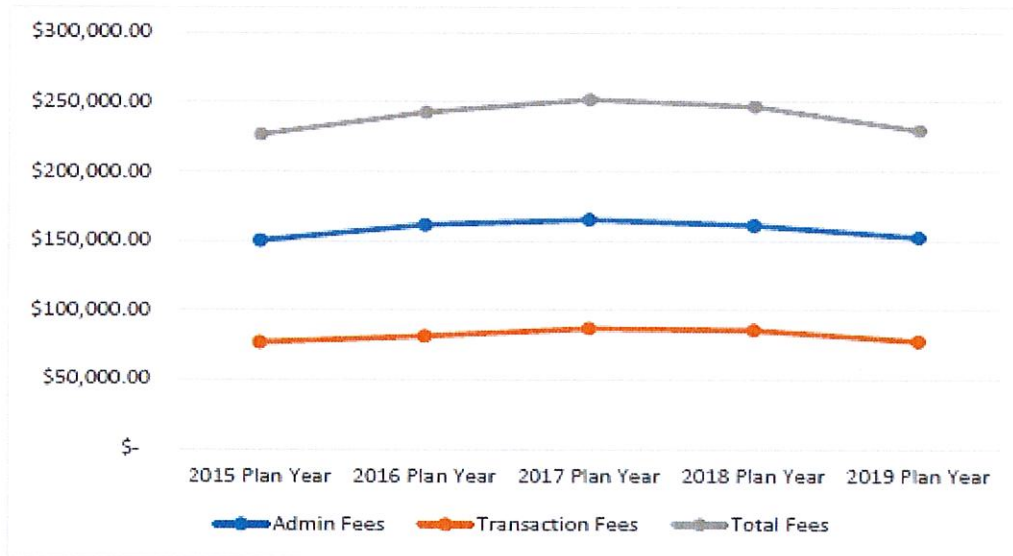
The current contractor has been administered benefits since 1999. The benefits are fully customized specifically for the needs of the CCRTA that encourage and reward consumerism, while still providing access to care.

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>						
Employee Only:	94	94	94	94	94	94
Family:	105	105	105	105	105	105
<b>Stop-Loss/UW Fee:</b>						
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>						
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>						
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</b>						
Composite:	\$8.90	\$8.90	\$8.90	\$8.90	\$8.90	\$8.90
<b>Total</b>						
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.

**Recommendation**

Staff requests the Administration & Finance Committee recommend the Board of Directors authorize the Chief Executive Officer (CEO) or designee 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.

Respectfully Submitted,

Submitted by: Angelina Gaitan  
Director of Human Resources

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



**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.

Plan Description	Current Employee Count	Average Monthly Total*
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.

**Recommendation**

Staff requests the Administration & Finance Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or designee 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



**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.

### **Recommendation**

Staff requests the Administration & Finance Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or Designee 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

ATTACHMENT B

**SRP** | Strategic  
Retirement  
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*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



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>

<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.

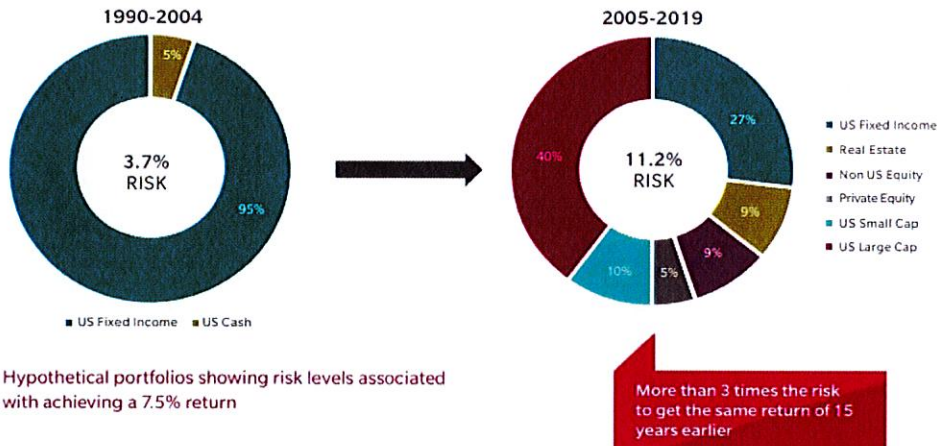
**Portfolio Asset Allocation**

	Goal Asset Allocation	Target +/-
Equity	60%	+/- 10%
Fixed Income	38%	+12%/- 11%
Cash/Cash Equivalentents	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 Equivalentents	2%	2%
Other	5%	4.5%



## Asset Allocation and Risk: CCRTA Return on Asset = 7.4%

Investing has become increasingly complex  
 Asset allocations with more risk needed to achieve the same return

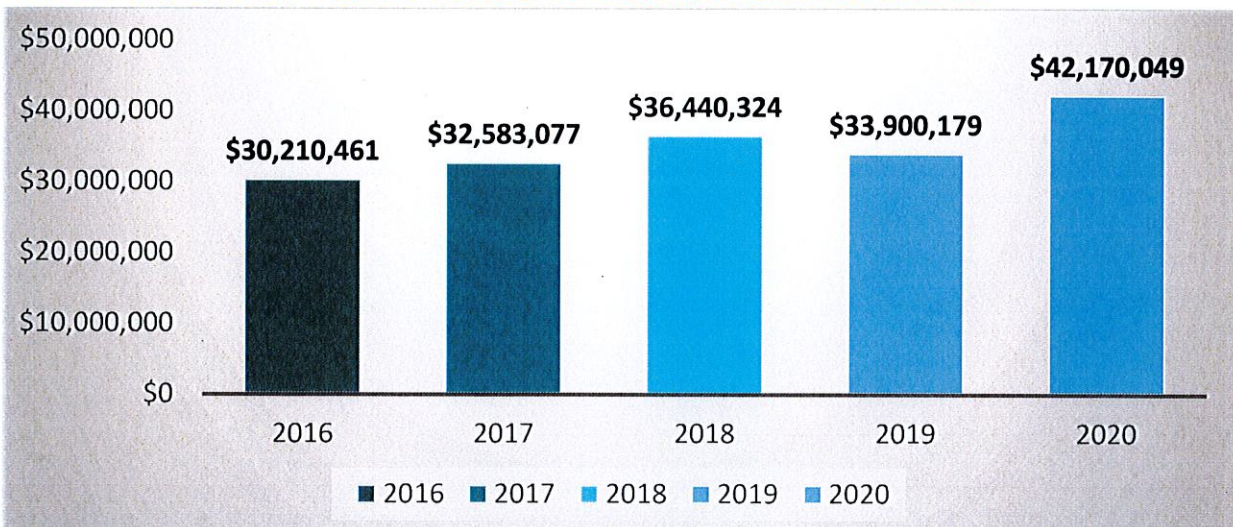


This chart reviews the complexity for investment managers to achieve the 7.5% return expected in the portfolio in today's market environment.

Hypothetical portfolios showing risk levels associated with achieving a 7.5% return

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## CCRTA Pension Plan Market Value and Historical Portfolio Returns



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actual Return on Assets	26.8%	16.1%	-1.10%	15.10%	15.30%	5.1%	-1.40%	8.0%	13.1%	-5.4%
Long Term Return on Assets	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

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.



- 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	35.97%	Emerging Markets 30.38%	Government Treasury -2.91%	Emerging Markets 78.51%	Real Estate 28.66%	Government Treasury -2.91%	Emerging Markets 18.23%	Small Cap 18.97%	Real Estate 31.78%	Real Estate 8.23%	Real Cap 2.11%	Emerging Markets 37.28%	Cash 1.86%	Large Cap 31.69%	Government Treasury 21.20%		
	Emerging Markets	32.18%	Commodities 16.23%	Intl Bonds 11.48%	High Yield 52.26%	Mid Cap 28.10%	Real Estate 9.24%	Mid Cap 33.50%	Government Treasury 17.98%	Large Cap 1.38%	Mid Cap 20.74%	Mid Cap 25.03%	Intl Stocks 17.38%	Intermediate Bond 0.01%	Mid Cap 26.20%	Intermediate Bond 6.14%		
	Intl Stocks	26.34%	Intl Bonds 11.10%	Intermediate Bond 5.21%	Mid Cap 37.38%	Mid Cap 7.84%	Intermediate Bond 7.84%	Real Estate 17.98%	Large Cap 32.39%	Large Cap 13.69%	Asset Allocation 1.28%	High Yield 17.38%	Large Cap 21.83%	Intl Bonds 1.68%	Real Estate 25.76%	Intl Bonds 7.23%		
	Small Cap	18.31%	Intl Stocks 11.17%	Cash 1.80%	Intl Stocks 31.76%	Emerging Markets 18.88%	Intl Bonds 8.93%	Intl Stocks 17.32%	Intl Stocks 22.78%	Asset Allocation 18.62%	Intermediate Bond 8.55%	Large Cap 11.99%	Mid Cap 16.24%	Government Treasury 1.94%	Small Cap 21.57%	Asset Allocation 0.98%		
	Large Cap	15.79%	Government Treasury 7.99%	Asset Allocation -22.09%	Real Estate 28.00%	Commodities 4.82%	Asset Allocation 4.09%	Small Cap 17.56%	Asset Allocation 17.56%	Mid Cap 9.77%	Cash 0.03%	Commodities 11.77%	Intl Cap 14.85%	High Yield -2.26%	Asset Allocation 22.18%	Cash 0.52%		
	High Yield	15.64%	Mid Cap 7.99%	High Yield 19.21%	Real Cap 11.13%	High Yield 15.31%	High Yield 4.56%	Large Cap 16.00%	High Yield 7.38%	Intermediate Bond 5.97%	Intl Stocks -0.87%	Emerging Markets 11.19%	Asset Allocation 14.21%	Asset Allocation -2.35%	Intl Stocks 22.81%	Large Cap -3.08%		
	Asset Allocation	11.12%	Intermediate Bond 4.97%	Small Cap 11.73%	Large Cap 26.46%	Large Cap 15.06%	Large Cap 2.11%	High Yield 15.41%	Real Estate 1.86%	Small Cap 4.89%	Government Treasury 1.92%	Asset Allocation 8.31%	Intl Bonds 9.92%	Large Cap -4.38%	Emerging Markets 18.44%	High Yield 4.73%		
	Mid Cap	10.32%	Asset Allocation 8.22%	Commodities 18.91%	Commodities 12.13%	Asset Allocation 12.13%	Cash 0.06%	Asset Allocation 11.31%	Cash 0.06%	High Yield 2.44%	Mid Cap -2.18%	Real Estate 7.24%	Government Treasury 8.53%	Real Estate -4.84%	Government Treasury 14.83%	Emerging Markets -9.78%		
	Intl Bonds	6.85%	Large Cap 5.49%	Mid Cap 18.40%	Asset Allocation 18.40%	Government Treasury 9.39%	Mid Cap -1.73%	Intermediate Bond 4.21%	Intermediate Bond -2.02%	Cash 0.04%	Small Cap -1.41%	Intermediate Bond 2.55%	High Yield 7.48%	Small Cap -1.41%	High Yield 14.45%	Intl Stocks -11.24%		
	Cash	4.76%	Cash 4.74%	Large Cap -37.00%	Intermediate Bond 5.93%	Intl Stocks 7.75%	Small Cap 4.16%	Government Treasury 2.55%	Emerging Markets -2.59%	Emerging Markets -2.19%	High Yield 4.55%	Intl Bonds 2.86%	Real Estate 4.18%	Real Estate -11.08%	Intermediate Bond 8.72%	Mid Cap -12.78%		
	Intermediate Bond	4.85%	High Yield 7.17%	Real Estate 139.20%	Intl Bonds 7.34%	Intl Bonds 6.78%	Intl Stocks 8.65%	Intl Bonds 3.98%	Intl Bonds -2.27%	Intl Bonds -6.04%	Intl Bonds 1.33%	Government Treasury 3.54%	Intermediate Bond 11.25%	Commodities 7.89%	Intl Cap 12.88%	Intl Cap 12.88%		
	Commodities	2.07%	Small Cap 1.97%	Intl Stocks -43.98%	Cash 0.16%	Intermediate Bond 6.54%	Commodities -13.32%	Cash 0.09%	Commodities -9.32%	Intl Stocks -4.90%	Emerging Markets -18.92%	Intl Stocks 1.00%	Commodities 1.70%	Intl Stocks -13.79%	Intl Bonds 5.23%	Real Estate -17.77%		
	Government Treasury	1.85%	Real Estate -17.85%	Emerging Markets -53.33%	Government Treasury -12.97%	Cash 0.10%	Emerging Markets -18.42%	Commodities -1.06%	Government Treasury -12.66%	Commodities -17.01%	Commodities -24.56%	Cash 0.27%	Cash 0.85%	Emerging Markets -14.58%	Cash 2.25%	Commodities -19.40%		
	Worst																	

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 - BBGBarc Long Treasury, Commodities - Bloomberg Commodity Index, Intermediate Bond - BBGBarc US Agg Bond Index, High Yield Bond - ICE BofAML High Yield Index, Intl Bonds - JPMorgan GBI Global ex U.S., Asset Allocation - portfolio assumes the following weights: 60% S&P 500 and 40% BBGBarc US Agg, Large Cap - S&P 500, Mid Cap - S&P Midcap 400, Small Cap - Russell 2000, Intl Stocks - MSCI EAFE (net), Emerging Markets - MSCI EM (net), Real Estate - Wilshire 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:**

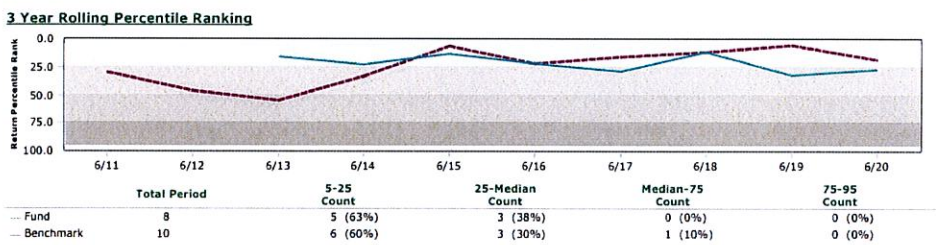
- The investment policy statement provides for the inclusion on REITs and Diversified Commodities in the Portfolio and the investment manager determines the percentage for investment in these alternative investments.
- The alternative investments were selected through the Wells Fargo Investment Institute 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/CorCmdty Mgmt CmpltCmdty Strat I

As of June 30, 2020

Fund Information		Top Ten Securities		Fund Characteristics	
Product Name :	ALPS/CorCmdty Mgmt CmpltCmdty Strat I	United States Treasury Notes 0.63%	27.11 %	No data found.	
Fund Family :	ALPS	Citi 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 :	67% 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 TI 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	Citi 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										Calendar Year Performance						
	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date		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



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:

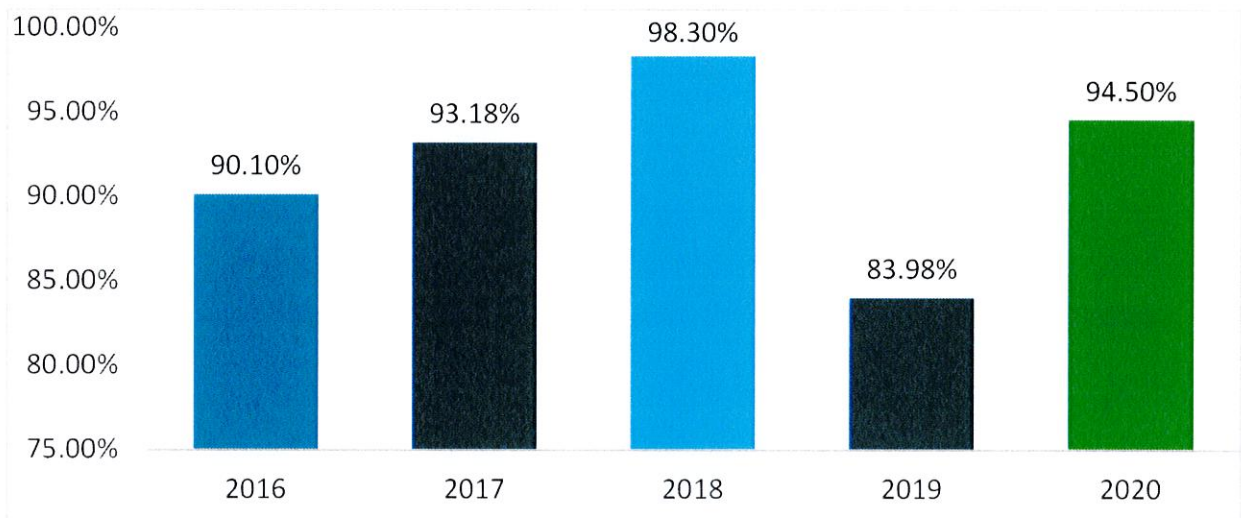
- The plan’s anticipated future cash flow needs are determined by the actuary on an annual basis.
- The annual contribution is estimated by staff (prior to receipt of the actuarial report mid-year) to allow for contributions to be made early in the year. This saves the plan interest charges and enables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

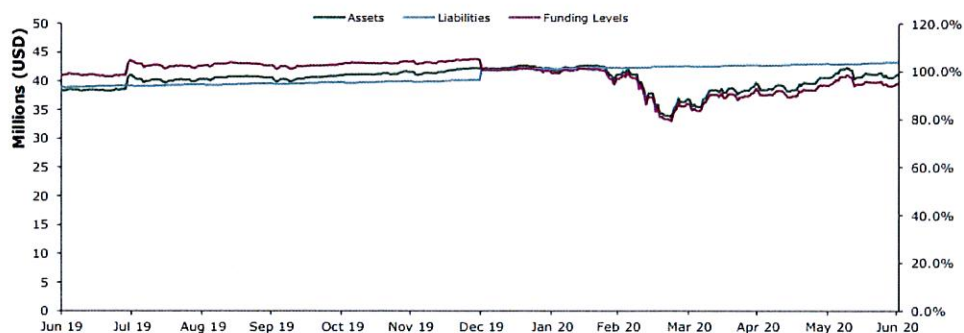
- The Benefit Payments for the next years ranges from \$2.4M in 2020 to \$3.6M in 2030 or a total of \$35M over the next 10 years. This is larger than in the past decade.
- A review of assets and liabilities occurred in 2019.

### CCRTA Pension Plan Funding Percentage



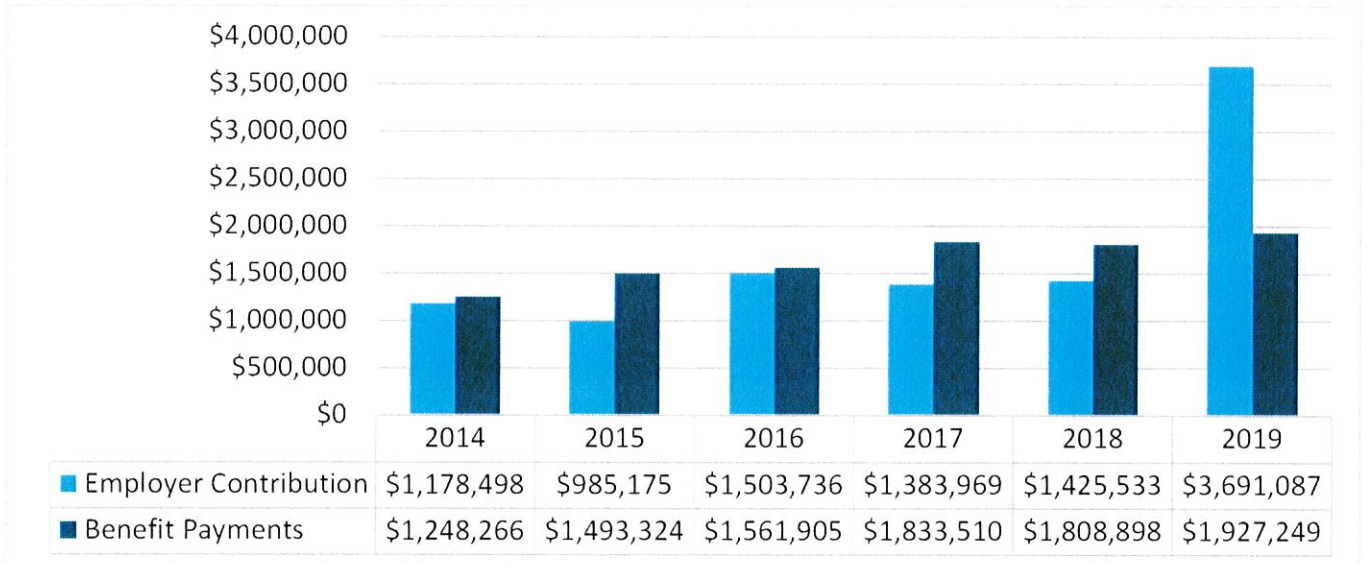
### Funded Status

	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%)

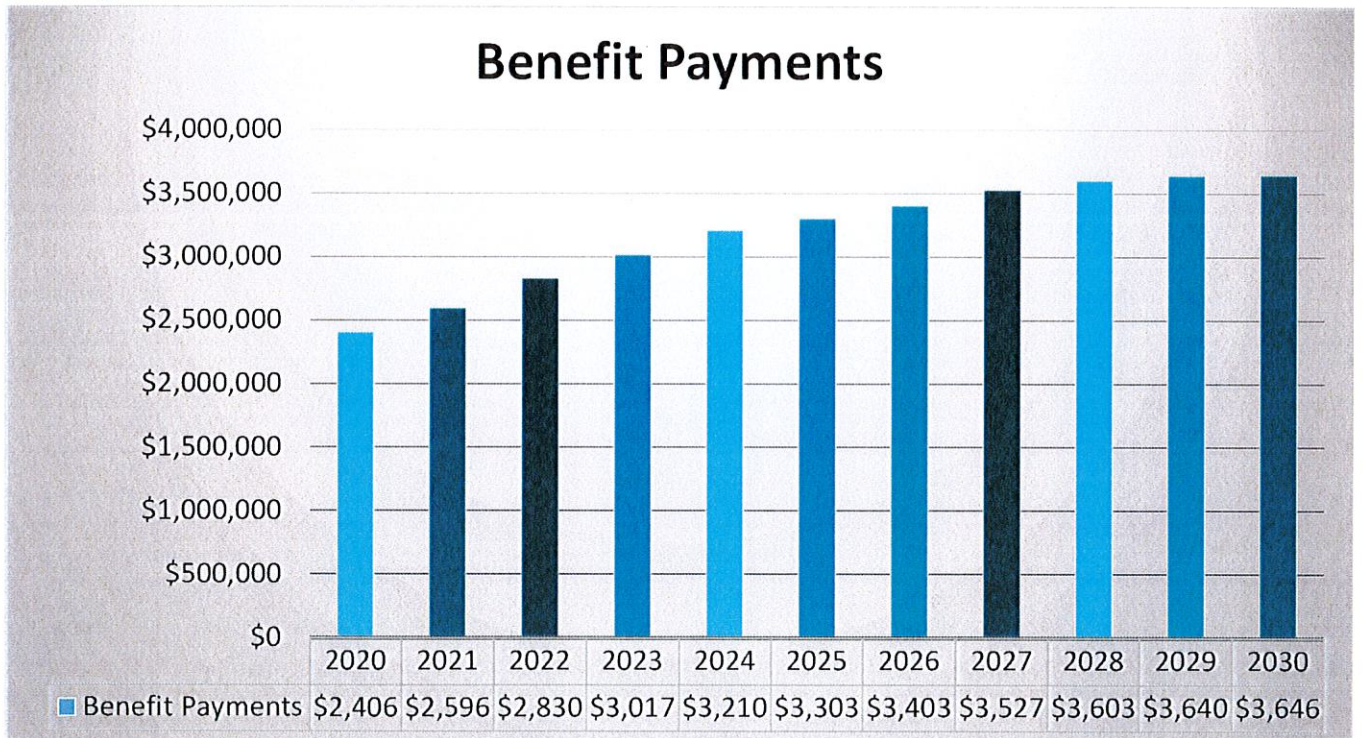


Source Wells Fargo Performance Report 6.20.2020

### CCRTA Contributions vs Benefit Payments

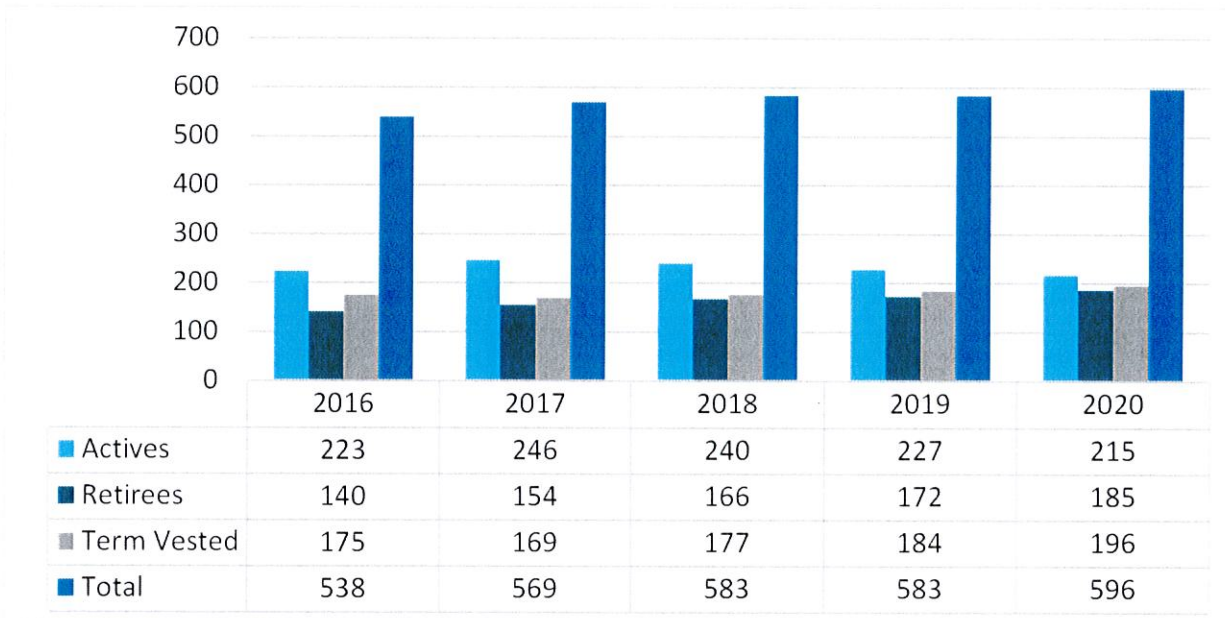


### Projected Benefit Payments in millions

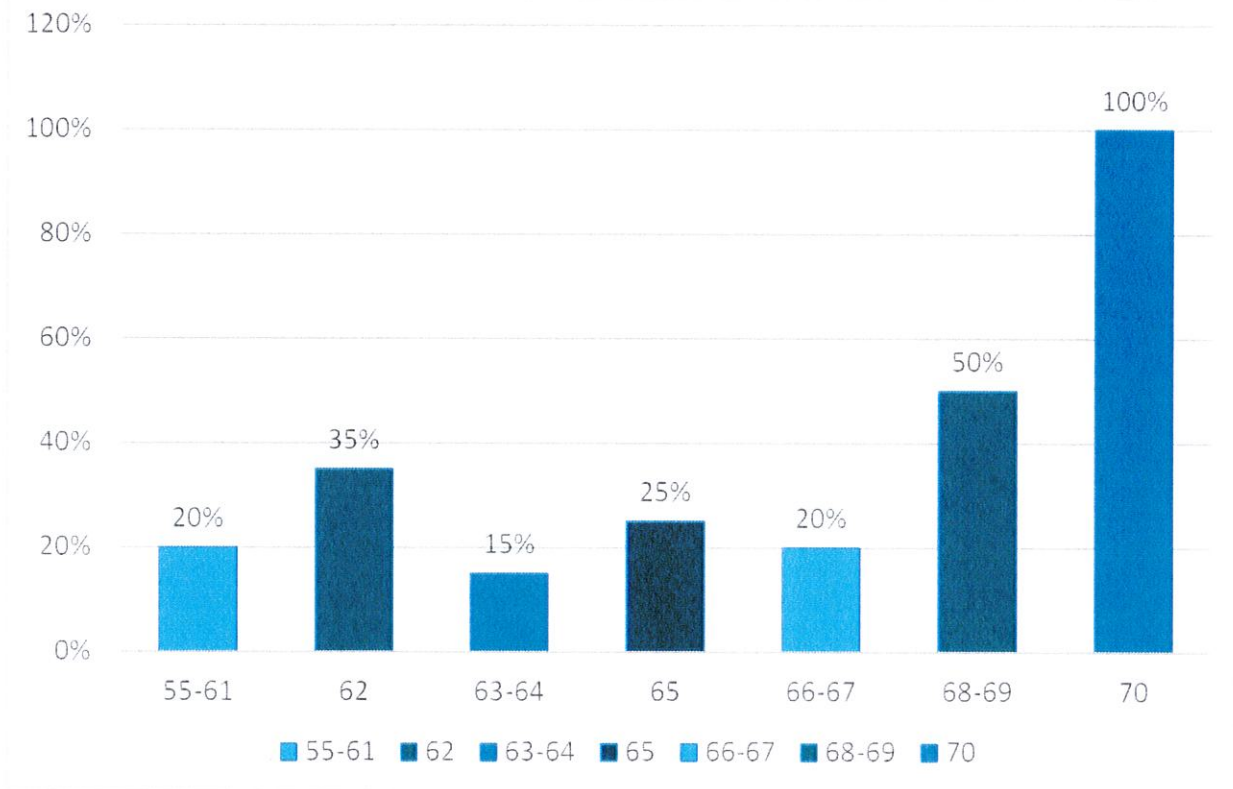




### Participant Trends



### 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 scheduled 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.

- 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.





**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

- **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.



**Recommendation**

Staff requests the Administration & Finance Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or his designee 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.



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



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

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%



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

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<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).

- 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.

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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



**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

APPROVED AS TO FORM:

\_\_\_\_\_  
Jorge G. Cruz-Aedo  
Chief Executive Officer

\_\_\_\_\_  
Dan Leyendecker  
Board Secretary

\_\_\_\_\_  
John D. Bell  
Legal Counsel for CCRTA



**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.

**Recommendation**

Staff requests the Administration & Finance Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or his designee 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.

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:

$$\begin{aligned} & \text{Fund Balance and Net position} \\ & \quad \text{Difference between fund assets} \\ & \quad \text{Plus, deferred outflows of resources and liabilities} \\ & \quad \text{Plus, deferred inflows of resources reflected on the Statement of Net Position.} \end{aligned}$$

**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 that 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.

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



# 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

APPROVED AS TO FORM:

\_\_\_\_\_  
Jorge G. Cruz-Aedo  
Chief Executive Officer

\_\_\_\_\_  
Dan Leyendecker  
Board Secretary

\_\_\_\_\_  
John D. Bell  
Legal Counsel for CCRTA



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
OPERATIONS & CAPITAL PROJECTS COMMITTEE MEETING MINUTES  
WEDNESDAY, JULY 22, 2020**

**Summary of Actions**

1. Roll Call
2. Safety Briefing
3. Receipt of Conflict of Interest Affidavits
4. Opportunity for Public Comment
5. Action to Approve the Operations & Capital Finance Committee Meeting Minutes of June 24, 2020
6. Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Award a Contract to The Lilly Company for Parts Inventory Storage Cabinets and Shelving
7. Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue a Request for Proposals (RFP) for Bus Stop Amenities
8. Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue an Invitation for Bids (IFB) for Power Washing at all Bus Transfer Stations
9. Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue an Invitation for Bids (IFB) for Bear Lane Bus Parking Lot Reconstruction
10. Adjournment

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. Dan Leyendecker called the meeting to order at 8:31 a.m. Ms. Dena Linnehan called Roll and stated a quorum was present.

**Board Members Present** Dan Leyendecker, Committee Chair, Anne Bauman, Anna Jimenez, Philip Skrobarczyk and Matt Woolbright. Board members attended remotely.

**Board Members Absent** None.

**Staff Present** Jorge G. Cruz-Aedo, CEO; Dena Linnehan, Derrick Majchszak, Sharon Montez, Rita Patrick, Mike Rendón, Gordon Robinson, Robert Saldaña, Dan Shelton and Ashlee Winstead-Sherman.

**Public Present** No public comment received in-person or online.

***DUE TO THE CURRENT CONDITIONS FOR COVID-19, WE ENCOURAGE SOCIAL DISTANCING AND FACE MASKS (AVAILABLE) FOR INDIVIDUALS ATTENDING THE MEETING.*** Rob MacDonald, MPO.

Public Comment may be provided in writing, limited to 1,000 characters, by using the [Public Comment Form](http://www.ccrta.org/news-opportunities/agenda) online at [www.ccrta.org/news-opportunities/agenda](http://www.ccrta.org/news-opportunities/agenda) or by regular mail or hand-delivery to the CCRTA at 602 N. Staples St., Corpus Christi, TX 78401,





and **MUST** 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.

**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 said everyone should report to the Clock Tower at the Station area, and Ms. Linnehan would be responsible for guiding the Board Members to the Muster Point. He also told us once you leave the building, you may not enter until an 'all clear' is given by Security personnel if or when you may re-enter. Mr. Rendon commented to not use the elevators, and if there is a shelter-in-place, we will utilize the west side stairwell area.

**Action to receive Conflict of Interest Affidavits**

None received.

**Action to Approve the Operations & Capital Finance Committee Meeting Minutes of June 24, 2020**

**MS. ANNA JIMENEZ MADE A MOTION TO APPROVE THE OPERATIONS & CAPITAL FINANCE COMMITTEE MEETING MINUTES OF JUNE 24, 2020. MR. PHILIP SKROBARCZYK SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Award a Contract to The Lilly Company for Parts Inventory Storage Cabinets and Shelving**

Mr. Derrick Majchszak reported the Board Priority aligns with Public Image and Transparency. He provided background information of the Materials Management department. He said there are three Parts Clerks including a Lead Clerk, and there is approximately \$865K in inventory of parts and supplies. These are used for any necessary repairs, and preventative maintenance inspections and the department utilizes heavy-duty cabinets. Mr. Majchszak commented the inventory storage cabinets and shelving support a fleet of 70 buses, and are over 35 years old and worn out from daily usage. He said this project will support a more efficient use of storage space in the warehouse. He continued and stated there is no Disadvantaged Business Enterprise (DBE) goal to meet. Mr. Majchszak stated this project is budgeted at \$150K and is a 2020 CIP project that is partially funded by 5307 Formula Funds; the agency's 20 percent amount is \$17,983.98, and the Federal grant of 80 percent is \$71,935.93. He displayed a chart showing the 4 bids received with one be non-responsive. The Lily Company of provided a bid of \$89,919.6 and staff asks for your authorization to proceed with this project.

**MR. SKROBARCZYK MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO AWARD A CONTRACT TO THE LILLY COMPANY FOR PARTS INVENTORY STORAGE CABINETS AND SHELVING. MS. JIMENEZ SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**





**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue a Request for Proposals (RFP) for Bus Stop Amenities**

Ms. Sharon Montez reported this Request for Proposals (RFP) aligns with the Board Priority of Facilities. Ms. Montez said the agency has 1,375 bus stops, with 199 that have Tolar Shelters and sun shade structures, with 951 benches and 12 Simme seats, and there are 647 trash bins. Additional background information was given on the agency's Shelter Program that consists of a Maintenance Program with an Expansion/Replacement Program. In November last year, the Board of Directors awarded a contract to A. Ortiz Construction and Paving, Inc. for shelter refurbishment. A. Ortiz and the agency's maintenance crew have already completed 52 bus stop shelters to date, and near 8 months in the first year of the contract. Ms. Montez stated Phase I of the expansion program has budgeted funds to add 40 shelters in 2020 to the 198 shelters currently in place. She said these are scheduled for delivery in August 2020. Ms. Montez also commented our goal over the next 10 years, is to continue to add to the existing number, so the agency will have almost 700 bus stops in place with shelter amenities. She also provided a slide with a chart showing the need, and projected purchase schedule of shelters over the next 3-year period at an estimated total cost of \$2.27M. Each RFP will be evaluated for shelter design, experience and past performance, maintenance and durable shelters and amenities, responsiveness, delivery and costs. She mentioned there is no DBE goal for this contract, and provided amounts for the 3-year period of the contract at \$523,750 for 2020, \$814,326 for 2021 and \$983,653 for 2022.

**MS. JIMENEZ MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE ISSUE A REQUEST FOR PROPOSALS (RFP) FOR BUS STOP AMENITIES. MR. SKROBARCZYK SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue an Invitation for Bids (IFB) for Power Washing at all Bus Transfer Stations**

Ms. Montez commented this IFB aligns with the Board Priority of Facilities. She provided background information of the four transfer stations of the agency being Robstown, Southside, Port Ayers and Staples Street. She said these stations were power washed once a month with the custodians cleaning them twice a day prior to COVID-19 pandemic. She commented with the highly contagious spread of this virus, the agency is intensifying all cleaning processes which is exhausting current Facilities Staff with their regular and other types of cleaning and maintenance of the facilities. She said the Board of Director awarded a short-term contract in May to Phoenix Clean for power washing the stations, and the amount was not to exceed \$121,800. Ms. Montez also commented on the latest data and widespread nature of the COVID-19 virus. She stated CCRTA Staff feel the need of power washing the stations be continued at the current frequency of twice a week to help minimize the spread of COVID-19 and ask the Board of Directors for authorization to Issue for Bids (IFB) for power washing services. The estimated base contract of \$487,200 would have a one-year option. She said no DBE percentage is required for this project.

**MR. SKROBARCZYK MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO ISSUE AN INVITATION FOR BIDS (IFB) FOR POWER WASHING AT ALL BUS TRANSFER STATIONS. MS. JIMENEZ SECONDED THE MOTION. THE MOTION CARRIED.**





**LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Issue an Invitation for Bids (IFB) for Bear Lane Bus Parking Lot Reconstruction**

Ms. Montez reported this IFB also aligns with the Board Priority of Facilities. Ms. Montez provided prior background information where in 2019 the Federal Transit Administration (FTA) announced the opportunity to apply for funds under the Grants for Buses and Bus Facilities Infrastructure Investment Program (CFDA# 20.526). She said the agency identified three separate projects with one being the improvements to the Bear Lane Parking Lot. In 2019, this was previously presented to the Board of Directors in May at Committee and approved, and taken to the Board in June where it was also approved. Ms. Montez provided a slide to show this project's scope of work summary to remove 4,900 square yards of existing concrete and base material with various improvements that is expected to take six months for completion. Several slides were shown of the areas of damage needing the reconstruction and repairs and Ms. Montez commented this project will be executed in phases. She also displayed the Construction Estimate with totals equaling \$945,010 to include A&E, Geotech, and Materials Testing amount of \$102,406. She said the cost is a 2020 CIP project partially funded by the 5339(B) Formula Funds and the agency's 20 percent cost is \$189,002 and Federal funds of \$756,008 at 80 percent.

**MR. MATT WOOLBRIGHT MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO ISSUE AN INVITATION FOR BIDS (IFB) FOR BEAR LANE BUS PARKING LOT RECONSTRUCTION. MR. SKROBARCZK SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

**Adjournment**

There being no further review of items, the meeting adjourned at 8:57 a.m.

Submitted by: Dena Linnehan



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
OPERATIONS & CAPITAL PROJECTS COMMITTEE MEETING MINUTES  
WEDNESDAY, SEPTEMBER 23, 2020**

**Summary of Actions**

1. Roll Call
2. Safety Briefing
3. Receipt of Conflict of Interest Affidavits
4. Opportunity for Public Comment
5. Action to Approve the Operations & Capital Finance Committee Meeting Minutes of August 26, 2020 (NO QUORUM)
6. Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Authorize Issuing an Invitation for Bids (IFB) for Maintenance Uniform Rental Services
7. Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Exercise the Last Option Year with Evergreen Lawn and Landscape for Bus Stop Cleaning Services
8. Adjournment

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. Dan Leyendecker called the meeting to order at 9:00 a.m. Ms. Dena Linnehan called Roll and stated a quorum was present.

**Board Members Present** Dan Leyendecker, Committee Chair, Anne Bauman, Anna Jimenez, Philip Skrobarczyk and Matt Woolbright.

**Board Members Absent** None.

**Staff Present** Jorge G. Cruz-Aedo, CEO; David Chapa, Dena Linnehan, Derrick Majchszak, Sharon Montez (remotely), Rita Patrick, Mike Rendón and Robert Saldaña.

**Public Present** ***DUE TO THE CURRENT CONDITIONS FOR COVID-19, WE ENCOURAGE SOCIAL DISTANCING AND FACE MASKS (AVAILABLE) FOR INDIVIDUALS ATTENDING THE MEETING.***

Public Comment may be provided in writing, limited to 1,000 characters, by using the [Public Comment Form](http://www.ccrta.org/news-opportunities/agenda) online at [www.ccrta.org/news-opportunities/agenda](http://www.ccrta.org/news-opportunities/agenda) or by regular mail or hand-delivery to the CCRTA at 602 N. Staples St., Corpus Christi, TX 78401, and MUST 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.





No public comment received in-person or online. No public attended.

**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 said everyone should report to the Clock Tower at the Station area, and Ms. Linnehan would be responsible for guiding the Board Members to the Muster Point. He also told us once you leave the building, you may not enter until an 'all clear' is given by Security personnel if or when you may re-enter. Mr. Rendon commented to not use the elevators, and if there is a shelter-in-place, we will utilize the west side stairwell area.

**Action to receive Conflict of Interest Affidavits**

None received.

**Action to Approve the Operations & Capital Finance Committee Meeting Minutes of August 26, 2020 (NO QUORUM)**

**MS. ANNA JIMENEZ MADE A MOTION TO APPROVE THE OPERATIONS & CAPITAL FINANCE COMMITTEE MEETING MINUTES OF AUGUST 26, 2020 (NO QUORUM). MR. PHILIP SKROBARCZYK SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Authorize Issuing an Invitation for Bids (IFB) for Maintenance Uniform Rental Services**

Mr. Derrick Majchszak reported the Board Priority aligns with Public Image and Transparency. He said the current contract was approved by the Board in December of 2016 and there 60 CCRTA employees who use these services. Mr. Majchszak stated the maintenance and service technicians and janitorial staff each receive eleven sets of shirts and pants. These garments are furnished, laundered, maintained with pick up and delivery to our Bear Lane facility weekly. He also mentioned lockers, safety mats and shop towels are included in this service. Mr. Majchszak also commented this contract for these uniform services helps to maintain a professional appearance of our staff, we receive firm pricing, and the base contract expired December 2018, and the two-year option will expire this December 12, 2020. He said for the DBE goal, our staff will work with the successful bidder for their participation. The estimated annual amount of the contract is \$60K, yet expenditures are determined by actual usage. This contract is locally funded, budgeted in the annual operating budgets, and will be a three-year base contract with a two-year option of Board approval.

**MR. MATT WOOLBRIGHT MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO AUTHORIZE ISSUING AN INVITATION FOR BIDS (IFB) FOR**



**MAINTENANCE UNIFORM RENTAL SERVICES. MR. SKROBARCZYK SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**

**Action to Recommend the Board of Directors Authorize the Chief Executive Officer (CEO) or Designee to Exercise the Last Option Year with Evergreen Lawn and Landscape for Bus Stop Cleaning Services**

Ms. Sharon Montez reported this project aligns with Board Priority Public Image and Facilities. She commented on the background from 2013 where the Board developed a Capital Initiative for additional trash receptacles as the City was developing a litter campaign so we partnered with the City. She said at that time there were 150 trash receptacles in our service areas and added another 710 making our total count of 860 receptacles. Ms. Montez provided additional information stating there are 1,343 bus stops, 198 shelters, 838 square miles in our service area and 860 trash receptacles with nine cities we service. She said this initiative has helped to enhance our public image and provides a clean waiting area at the bus stop for our riders.

Ms. Montez commented on the scope of services to include the weekly inspection of all bus stops, removal of trash and/or litter, any graffiti is also removed on the shelters, the trees are trimmed, and the stops are maintained by providing any weed or ant prevention and lawn care. She stated the initial bid was a three-year base with two one-year options, the RFP was issued September 27, 2016, pre-proposal held October 11, 2016 with six businesses attending and four proposals were received on November 1, 2016. The highest score for the bids received was 83.56 from Evergreen Lawn & Landscape. She presented several slides to show the minimum requirements in our bid process that vendors must meet, and she commented on each detail. There was also a slide with the general liability insurance requirements.

The evaluation was based on the approach and work plan, experience, qualifications and references, and cost where Evergreen scored 83.56 out of 100 total points. She mentioned Evergreen leads in the area of specific experience for the past 22 years and some of their clients include La Palmera Mall, Corpus Christi Housing Authority, First Community Banks, Greenbriar Apartments and the CCRTA. Their work is performed in a satisfactory and timely manner.

Ms. Montez reported this is the last option year of the contract and the cost for the year is \$374,367.50, and has been the same for the past four year.

**MR. SKROBARCZYK MADE A MOTION TO RECOMMEND THE BOARD OF DIRECTORS AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) OR DESIGNEE TO EXERCISE THE LAST OPTION YEAR WITH EVERGREEN LAWN AND LANDSCAPE FOR BUS STOP CLEANING SERVICES. MS. JIMENEZ SECONDED THE MOTION. THE MOTION CARRIED. LEYENDECKER, BAUMAN, JIMENEZ, SKROBARCZYK AND WOOLBRIGHT VOTING IN FAVOR. ABSENT NONE.**





CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

**Adjournment**

There being no further review of items, the meeting adjourned at 9:13 a.m.

Submitted by: Dena Linnehan



**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.

**Recommendation**

Staff requests the Operations & Capital Projects Committee recommend the Board of Directors authorize the Chief Executive Officer (CEO) or designee to approve the FY 2021 Holidays and Service Levels.

**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





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.

Table with 5 columns: Day, Date, Holiday, Service Level, and Comments. It lists 16 specific dates from January 1, 2021, to January 1, 2022, detailing holidays like New Year's Day, Good Friday, and Christmas, along with the corresponding service levels (e.g., Reduced Service Level, Weekday Service Level, No Service) and comments regarding RTA operations.

\* 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:



**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.

**Recommendation**

Staff requests the Operations & Capital Projects Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or designee 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



**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.

**Recommendation**

Staff requests the Operations & Capital Projects Committee to recommend the Board of Directors authorize the Chief Executive Officer (CEO) or designee 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