



# Meeting Notice

1111 Broadway, Suite 800, Oakland, CA 94607 • 510.208.7400 • [www.AlamedaCTC.org](http://www.AlamedaCTC.org)

**Commission Chair**  
Supervisor Scott Haggerty, District 1

**Commission Vice Chair**  
Councilmember Rebecca Kaplan,  
City of Oakland

**AC Transit**  
Director Elsa Ortiz

**Alameda County**  
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Supervisor Wilma Chan, District 3  
Supervisor Nate Miley, District 4  
Supervisor Keith Carson, District 5

**BART**  
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**City of Albany**  
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**City of Berkeley**  
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Vice Mayor Ruth Atkin

**City of Fremont**  
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**City of Hayward**  
Councilmember Marvin Peixoto

**City of Livermore**  
Mayor John Marchand

**City of Newark**  
Councilmember Luis Freitas

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**City of Piedmont**  
Mayor Margaret Fujjoka

**City of Pleasanton**  
Mayor Jerry Thome

**City of San Leandro**  
Councilmember Michael Gregory

**City of Union City**  
Mayor Carol DuTra-Vernaci

**Executive Director**  
Arthur L. Dao

## Finance and Administration Committee

**Monday, April 14, 2014, 1:30 p.m.**

**1111 Broadway, Suite 800  
Oakland, CA 94607**

### Mission Statement

The mission of the Alameda County Transportation Commission (Alameda CTC) is to plan, fund, and deliver transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County.

### Public Comments

Public comments are limited to 3 minutes. Items not on the agenda are covered during the Public Comment section of the meeting, and items specific to an agenda item are covered during that agenda item discussion. If you wish to make a comment, fill out a speaker card, hand it to the clerk of the Commission, and wait until the chair calls your name. When you are summoned, come to the microphone and give your name and comment.

### Recording of Public Meetings

The executive director or designee may designate one or more locations from which members of the public may broadcast, photograph, video record, or tape record open and public meetings without causing a distraction. If the Commission or any committee reasonably finds that noise, illumination, or obstruction of view related to these activities would persistently disrupt the proceedings, these activities must be discontinued or restricted as determined by the Commission or such committee (CA Government Code Sections 54953.5-54953.6).

### Reminder

Please turn off your cell phones during the meeting. Please do not wear scented products so individuals with environmental sensitivities may attend the meeting.

### Glossary of Acronyms

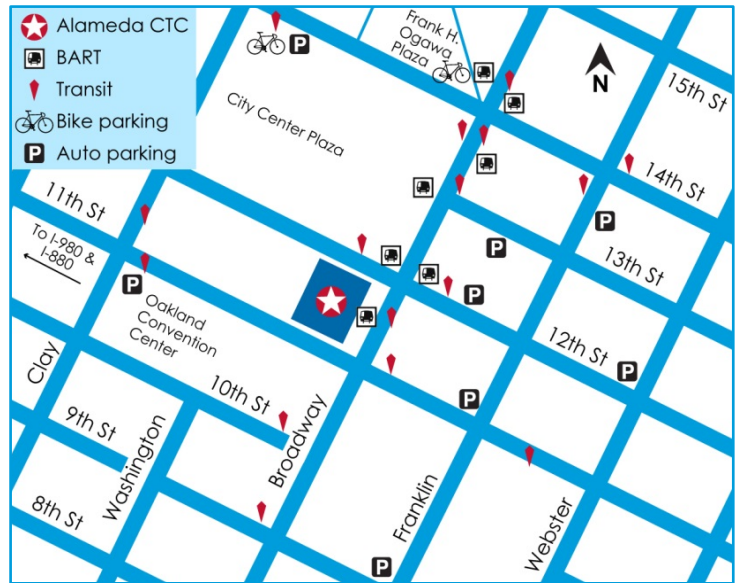
A glossary that includes frequently used acronyms is available on the Alameda CTC website at [www.AlamedaCTC.org/app\\_pages/view/8081](http://www.AlamedaCTC.org/app_pages/view/8081).

## Location Map

### Alameda CTC

1111 Broadway, Suite 800  
Oakland, CA 94607

Alameda CTC is accessible by multiple transportation modes. The office is conveniently located near the 12th Street/City Center BART station and many AC Transit bus lines. Bicycle parking is available on the street and in the BART station as well as in electronic lockers at 14th Street and Broadway near Frank Ogawa Plaza (requires purchase of key card from bikelink.org).



Garage parking is located beneath City Center, accessible via entrances on 14th Street between 1300 Clay Street and 505 14th Street buildings, or via 11th Street just past Clay Street. To plan your trip to Alameda CTC visit [www.511.org](http://www.511.org).

## Accessibility

Public meetings at Alameda CTC are wheelchair accessible under the Americans with Disabilities Act. Guide and assistance dogs are welcome. Call 510-893-3347 (Voice) or 510-834-6754 (TTD) five days in advance to request a sign-language interpreter.



## Meeting Schedule

The Alameda CTC meeting calendar lists all public meetings and is available at [www.AlamedaCTC.org/events/upcoming/now](http://www.AlamedaCTC.org/events/upcoming/now).

## Paperless Policy

On March 28, 2013, the Alameda CTC Commission approved the implementation of paperless meeting packet distribution. Hard copies are available by request only. Agendas and all accompanying staff reports are available electronically on the Alameda CTC website at [www.AlamedaCTC.org/events/month/now](http://www.AlamedaCTC.org/events/month/now).

## Connect with Alameda CTC

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# Finance and Administration Committee Meeting Agenda

Monday, April 14, 2014, 1:30 p.m.\*

\*Or immediately following the Programs and Projects Committee meeting

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • [www.AlamedaCTC.org](http://www.AlamedaCTC.org)

**Chair:** Supervisor Richard Valle, Alameda County BOS  
**Vice Chair:** Director Tom Blalock, BART  
**Commissioners:** Marie Gilmore, Peggy Thomsen  
**Ex-Officio Members:** Scott Haggerty, Rebecca Kaplan  
**Staff Liaison:** Patricia Reavey  
**Executive Director:** Arthur L. Dao  
**Clerk:** Vanessa Lee

1. Roll Call

2. Public Comment

3. Consent Calendar

3.1 [March 10, 2014 FAC Meeting Minutes](#)

Recommendation: Approve the March 10, 2014 meeting minutes.

4. Regular Matters

4.1. [Investment Policy](#)

Recommendation: Approve the Alameda CTC Investment Policy

4.2. [Renewal of Existing Paratransit Coordination Services Contract for Fiscal Year 2014-15](#)

Recommendation: Approve the renewal of the current paratransit coordination services contract with Nelson/Nygaard Consulting Associates for Fiscal Year 2014-15 and authorize the Executive Director to enter into negotiations and execute a contract for a not-to-exceed budget of \$360,500.

5. Committee Member Reports (Verbal)

6. Staff reports (Verbal)

7. Adjournment

Page A/I

1 A

3 A

19 A

**Next Meeting:** May 14, 2014

All items on the agenda are subject to action and/or change by the Commission.

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# Finance and Administration Committee Meeting Minutes Monday, March 10, 2014, 1:30 p.m.

3.1

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • www.AlamedaCTC.org

## 1. Roll Call

The clerk conducted a roll call. All members were present except the following: Commissioner Margaret Fujioka, Commissioner Marie Gilmore, and Commissioner Rebecca Kaplan.

Commissioner Peter Maas was present as an alternate for Commissioner Peggy Thomsen.

## 2. Public Comment

There were no public comments.

## 3. Consent Calendar

### 3.1. February 3, 2013 FAC Meeting Minutes

*Commissioner Blalock moved to approve the Consent Calendar. Commissioner Maas seconded the motion. The motion passed unanimously (Fujioka, Gilmore and Kaplan absent)*

## 4. Regular Matters

### 4.1. FY2013-14 Mid-Year Budget Update

Patricia Reavey recommended that the Commission approve the FY2013-14 Mid-Year Budget update. Patricia reviewed details of the budget specifically fund balance information and total revenues and expenditures for programs and projects produced and funded by Alameda CTC. She stated that the budget allows for a loan from the Alameda County Transportation Authority (ACTA) capital Fund to the Alameda County Congestion Management Agency (ACCMA) general Fund of \$5 million which can be used if needed. Patricia reviewed budget adjustments for Alameda CTC general funds, special revenue funds, exchange fund, debt service fund, and capital project funds including budget adjustments to projects funded through ACTIA, ACTA and ACCMA.

Commissioner Blalock wanted to know why the Dumbarton corridor project was adjusted in the budget. Patricia stated that staff is proposing to transfer the budget authority from the original Dumbarton project to a project specific for the Dumbarton related Central Avenue Overpass so that those costs can be tracked separately.

Commissioner Valle wanted to know the status of the Route 84 project. Art stated that there is a project shortfall but approximately 65% of the project is completed.

Commissioner Valle wanted an update on the Safe Routes to School program. Arun Goel stated that the program has grown by 10% and the Golden Sneaker Award will be presented at the Commission meeting at the April Commission meeting.

*Commissioner Blalock moved to approve this item. Commissioner Maas seconded the motion. The motion passed unanimously (Fujioka, Gilmore and Kaplan absent).*

#### **4.2. Second quarter Financial Report**

Patricia Reavey recommended that the Commission approve the FY2013-14 Second Quarter Financial Report. She stated that as of December 31, 2013, revenues are less than budget by \$2.3 million or 27.5% and expenditures are under budget by \$2.9 million or 40.5% for the general fund and revenues are more than budget by \$2.0 million or 4.9% and expenditures are \$3.2 million or 7.5% less than budget for the special revenue funds. Patricia also stated that revenues and expenditures were under budget by \$5.6 million and \$4.6 million respectively in the exchange fund and revenues are less than budget by \$11.4 million or 20.7%, and expenditures are less than budget by \$51.6 million or 47.3% in the capital projects funds. She concluded by reviewing ACTIA limitations calculations as it relates to salary and benefits and administrative costs. All calculations were found to be in compliance with the requirements.

*Commissioner Blalock moved to approve this item. Commissioner Maas seconded the motion. The motion passed unanimously (Fujioka, Gilmore and Kaplan absent).*

#### **5. Committee Member Reports (Verbal)**

There were no committee reports.

#### **6. Staff Reports**

There were no staff reports.

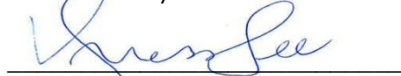
#### **7. Adjournment/ Next Meeting**

The meeting adjourned at 2:30 p.m. The next meeting is:

Date/Time: Monday, April 14, 2014 @1:30 p.m.

Location: Alameda CTC Offices, 1111 Broadway, Suite 800, Oakland, CA 94607

Attested by:



Vanessa Lee,  
Clerk of the Commission



# Memorandum

4.1

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • www.AlamedaCTC.org

**DATE:** April 7, 2014

**SUBJECT:** Investment Policy

**RECOMMENDATION:** Approve the Alameda CTC investment policy.

## Summary

The update to the Alameda CTC investment policy is attached as a red line version to show the changes recommended since the Alameda CTC consolidated policy was adopted in April 2013. The changes include:

### *In Section VIII. Authorized Investments*

- An increase to the minimum credit quality required for investments to "A" level, which makes the policy more restrictive, for obligations of the State of California or local agencies, US treasury notes or bonds, medium term notes, and negotiable certificates of deposit in order to be consistent among investments and to reconcile to the true intent of the verbiage in 8. Medium term notes;
- An update to the verbiage in 7. Commercial paper, to require a rating in the highest two short-term rating categories to be consistent with 7.c which allows for the highest two categories;
- An adjustment to 13. Shares of beneficial interest, commonly referred to as money market funds, to limit only Prime Money Market Funds, which include short-term credit risk, to a maximum investment of 5 percent of the portfolio in any one fund, but allow for up to 10 percent for Government Money Market Funds since they are all backed by the US government regardless of which funds are purchased;

### *In Section X. Investment Parameters*

- An increase to the maximum percent of callable securities allowed in the portfolio in 2. Market Risk b. from 15 percent to 25 percent to allow for the added returns for which these investments have the potential to provide in the portfolio; and
- An increase of the statistical variance in duration allowed in 2. Market Risk f. from 10 percent to 25 percent. This is necessary since the duration in our current portfolio is extremely short. A 10 percent variance in duration could mean only one month in

some instances which is an unnecessarily difficult duration variance allowance from which to manage a portfolio.

## **Background**

The proposed investment policy was developed in accordance with the California Government Code in order to define parameters and guide staff and investment advisors in managing Alameda CTC's investment portfolio. The policy formalizes the framework for Alameda CTC's investment activities that must be exercised to ensure effective and prudent fiscal and investment management of Alameda CTC's funds. The guidelines are intended to be broad enough to allow the staff and the investment advisors to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets. The primary objectives in order of priority of the investment activities within the policy are to safeguard Alameda CTC assets by mitigating credit and interest rate risk, provide adequate liquidity to meet all operating requirements of Alameda CTC, and attain a market rate of return on investments taking into account the investment risk constraints of safety and liquidity needs. Through the proposed investment policy, the Commission appoints the Executive Director and the Director of Finance as Investment Officers who will be responsible for the investment program of the Alameda CTC and will act responsibly as custodians of the public trust.

The policy requires the Investment Officers to design internal controls around investments that would prevent the loss of public funds from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the Alameda CTC. It also allows the Investment Officers to periodically reset performance benchmarks to reflect changing investment objectives and constraints.

## **Fiscal Impact**

There is no fiscal impact.

## **Attachments**

- A. Draft Alameda CTC Investment Policy April 2014

## **Staff Contact**

[Patricia Reavey](#), Director of Finance



## *Alameda County Transportation Commission*

### **Investment Policy**

April 2013~~4~~

**DRAFT**

#### **I. Introduction**

The intent of the Investment Policy of the Alameda County Transportation Commission (Alameda CTC) is to define the parameters within which funds are to be managed. The policy formalizes the framework for Alameda CTC's investment activities that must be exercised to ensure effective and prudent fiscal and investment management of Alameda CTC's funds. The guidelines are intended to be broad enough to allow Alameda CTC's Investment Officers (as defined below) to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

#### **II. Governing Authority**

The investment program shall be operated in conformance with federal, state, and other legal requirements, including the California Government Code.

#### **III. Scope**

This policy applies to activities of Alameda CTC with regard to investing the financial assets of all funds (except bond funds and retirement funds). In addition, any funds held by trustees or fiscal agents are excluded from these rules; however, all such funds are subject to regulations established by the State of California.

Note that any excluded funds such as employee retirement funds, proceeds from certain bond issues and Other Postemployment Benefits (OPEB) trust assets are covered by separate policies.

#### **IV. General Objectives**

The primary objectives, in order of priority, of investment activities shall be:

##### *1. Safety*

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate credit and interest rate risk.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3. *Return*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs.

V. **Standard of Care**

1. *Prudence*

The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

2. *Delegation of Authority and Responsibilities*

Responsibilities of the Commission - The Commission, in its role as Alameda CTC's governing body, will retain ultimate fiduciary responsibility for the portfolios. They will receive quarterly reports for review, designate Investment Officers and annually review and adopt the investment policy.

The Commission hereby designates the Executive Director and the Director of Finance, as Treasurer, as the Investment Officers.

Responsibilities of the Investment Officers - The Investment Officers are jointly responsible for the operation of the investment program. The Investment Officers shall act in accordance with written procedures and internal controls for the operation of the investment program consistent with the Investment Policy. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

Responsibilities of the Investment Advisor - Alameda CTC may engage the services of one or more external investment advisors to assist in the management of the investment portfolio in a manner consistent with Alameda CTC's objectives. Investment advisors may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy and the California Government Code and must be registered under the Investment Advisors Act of 1940 or be a bank, regulated by the Office of the Comptroller of the Currency (OCC) or Federal Reserve operating under the fiduciary exemption from the Security and Exchange Commission. Any investment advisor shall be required to prepare and provide comprehensive reports on Alameda CTC's investments on a monthly and quarterly basis, and as requested by Alameda CTC's Investment Officers. At no time shall the investment advisor maintain custody of Alameda CTC cash or assets.

Responsibilities of the Custodian - A third party bank custodian shall hold Alameda CTC cash and assets under management by any investment advisor in the name of Alameda CTC. The custodian shall receive direction from the investment advisor on settlement of investment transactions.

## **VI. Selection of Financial Institutions and Broker/Dealers**

Alameda CTC's procedures are designed to encourage competitive bidding on transactions from an approved list of broker/dealers in order to provide for the best execution on transactions.

The Investment Officer, or the investment advisors, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. This list will be developed after a process of due diligence confirming that the firms qualify under the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). Alameda CTC shall purchase securities only from authorized institutions or firms.

The Investment Officer, or the investment advisor, shall obtain competitive bid information on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

## **VII. Safekeeping and Custody**

### *1. Delivery vs. Payment*

All trades of marketable securities will be executed on a delivery vs. payment (DVP) basis to ensure that securities are deposited in Alameda CTC's safekeeping institution prior to the release of funds.

### *2. Third-Party Safekeeping*

Securities will be held by an independent third-party safekeeping institution selected by Alameda CTC's Investment Officers. All securities will be evidenced by safekeeping receipts in Alameda CTC's name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls – Service Organization Control Reports (formerly SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

### *3. Internal Controls*

The Investment Officers are responsible for establishing, maintaining and documenting an internal control structure designed to ensure that the assets of Alameda CTC are protected from loss, theft or misuse. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers Alameda CTC.

## **VIII. Authorized Investments**

The following investments will be permitted by this policy and are those authorized in the California Government Code.

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 100%
  
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 100%
  - c. Type: Senior debt obligations
  - d. Maximum per issuer: 35%

3. Repurchase Agreements used solely as short-term investments.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in VIII 1 and 2, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to Alameda CTC's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by Alameda CTC for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

Alameda CTC or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

Alameda CTC may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of \$25 billion and having debt rated in the highest short-term rating category as provided by a nationally recognized statistical rating organization.

Alameda CTC will enter into a Master Repurchase Agreement, substantially in the form approved by the Securities Industry and Financial Markets Association (SIFMA) and by Alameda CTC's counsel, with each firm with which it enters into Repurchase Agreements.

- a. Maximum maturity: 90 days
- b. Maximum percent of portfolio: 20%

4. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.

**Alameda CTC Investment Policy April 2013~~4~~**

- a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 10%
  - c. Minimum credit quality: A- (S&P); or A~~3~~2 (Moody's); or A- (Fitch)
  - d. Maximum per issuer: 5%
5. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of any of the other 49 states, in addition to California.
- a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 10%
  - c. Minimum credit quality: A- (S&P); or A~~3~~2 (Moody's); or A- (Fitch)
  - d. Maximum per issuer: 5%
6. Bankers' Acceptances, otherwise known as bills of exchange or time drafts which are drawn on and accepted by a commercial bank.
- a. Maximum maturity: 180 days
  - b. Maximum percent of portfolio: 40%
  - c. Minimum credit quality: A1 (S&P); or P1 (Moody's); or F1 (Fitch)
  - d. Maximum per issuer: 5%
7. Commercial paper rated in the highest two short-term rating categories, as provided by a nationally recognized statistical rating organization. The entity that issues the commercial paper shall meet all of the following conditions: (a) is organized and operating in the United States as a general corporation; (b) has total assets in excess of five hundred million dollars (\$500,000,000); and (c) has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization.
- a. Maximum maturity: 270 days
  - b. Maximum percent of portfolio: 25%
  - c. Minimum credit quality: A1 (S&P); or P1 (Moody's); or F1 (Fitch)
  - d. Maximum per issuer: 5%
8. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S.

## Alameda CTC Investment Policy April 2013~~4~~

Medium-term corporate notes shall be rated a minimum of "A" or its equivalent by a nationally recognized statistical rating organization.

- a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 30%
  - c. Minimum credit quality: A- (S&P); or A~~3~~2 (Moody's); or A- (Fitch)
  - d. Maximum per issuer: 5%
9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California.
- a. Maximum maturity: 1 year
  - b. Maximum percent of portfolio: 10%
  - c. Maximum per issuer: 5%
10. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.
- a. Maximum maturity: 3 years
  - b. Maximum percent of portfolio: 30%
  - c. Minimum credit quality: A- (S&P); or A~~3~~2 (Moody's); or A- (Fitch)
  - d. Maximum per issuer: 5%
11. State of California Local Agency Investment Fund (LAIF)
- Although LAIF may invest in securities not permitted in the Alameda CTC's Investment Policy, such investments shall not exclude LAIF from the Alameda CTC's list of eligible investments, provided that LAIF's periodic reports allow the Investment Officer to adequately assess the risk inherent in LAIF's portfolio. Funds invested in LAIF will follow LAIF policies and procedures.
- a. Maximum percent of portfolio: as determined by LAIF
- The LAIF portfolio shall be reviewed annually in order to monitor its continuing suitability as an investment option for the Alameda CTC.
12. The California Asset Management Program (CAMP)
- a. Maximum percent of portfolio: 5%

The CAMP shall be reviewed annually in order to monitor its continuing suitability as an investment option for Alameda CTC. Funds invested in CAMP will follow CAMP policies and procedures.

13. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations; or (2) retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

a. Maximum percent of portfolio: 20%

b. Maximum per [Prime Money Market Fund](#): 5%

~~b.c.~~ [Maximum per Government Money Market Fund](#): 10%

~~c.d.~~ Minimum rating: AAAM (S&P); or Aaa-mf (Moody's);  
AAAmf (Fitch)

*Important Notes:*

- a) The percentage limitation for all categories of investments refers to the percentage in the overall Alameda CTC portfolio on the date the security or shares are purchased.
- b) If the credit rating of a security is downgraded below the minimum required rating level for a new investment of that security type subsequent to its purchase, the investment advisor shall promptly notify the Investment Officer. The Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer will apply the general objectives of safety, liquidity, yield and legality to make the decision.

**IX. Ineligible Investments**

Any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are thereby prohibited include, but are not limited to:



1. “Complex” derivative structures such as range notes, dual index notes, inverse floaters, leveraged or de-leveraged floating-rate notes, or any other complex variable-rate or structured note;
2. Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity;
3. Mortgage-backed pass-through securities;
4. Other mortgage-backed securities;
5. Collateralized mortgage obligations; and
6. Asset-backed securities.

**X. Investment Parameters**

1. Credit Risk – Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The diversification requirements included in Section VIII are designed to mitigate credit risk. Alameda CTC shall additionally mitigate credit risk by adopting the following diversification strategies:
  - a. Avoiding overconcentration in any one issuer or business sector;
  - b. Limiting investments in securities with higher credit risks;
  - c. Investing in securities with varying maturities; and
  - d. Maintaining a portion of the portfolio in a highly liquid investment such as LAIF
2. Market Risk - Market risk is the risk that the portfolio will fluctuate due to changes in the general level of interest rates. Alameda CTC recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. Alameda CTC shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cash flow purposes. Alameda CTC further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. Alameda CTC, therefore, adopts the

following strategies to control and mitigate its exposure to market risk:

- a. Alameda CTC shall maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
  - b. The maximum percent of callable securities in the portfolio shall be 425%;
  - c. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy;
  - d. Liquidity funds will be held in LAIF or in money market instruments maturing within one year or less;
  - e. Longer term/ Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will only be invested in higher quality and liquid securities; and
  - f. The duration of the portfolio shall at all times be approximately equal to the duration of a Market Benchmark Index selected by Alameda CTC based on Alameda CTC's investment objectives, constraints and risk tolerances, plus or minus 2540%. This increase in duration flexibility is necessary because of the very short-term benchmarks currently utilized on the portfolio due to capital project cashflow demands.
3. Maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

#### **XI. Performance and Program Evaluation**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/ economic environment of stable interest rates. A series of appropriate

benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity and credit profile commensurate with investment risk constraints and liquidity needs of Alameda CTC.

Alameda CTC may periodically update the performance benchmarks to reflect current investment objectives and constraints and shall communicate such changes to the investment advisor.

Appendix I

AUTHORIZED INVESTMENTS SUMMARY TABLE

INVESTMENT	% OF PORTFOLIO		PURCHASE RESTRICTIONS	MAXIMUM MATURITY		MINIMUM CREDIT QUALITY	
	Per Cal. Gov't Code	Alameda CTC Policy		Per Cal. Gov't Code	Alameda CTC Policy	Per Cal. Gov't Code	Alameda CTC Policy
US. Treasury Notes, Bonds, Bills or Certificates of Indebtedness	100%	100%	None	5 years	5 years	NA	NA
Federal or U.S. Sponsored Obligations fully guaranteed by Federal Agencies or U.S. Government Sponsored Enterprises	100%	100%	Max 35% per issuer	5 years	5 years	NA	Senior Debt
Repurchase Agreements	NA	20%	Strict collateral requirements; Master Repurchase Agreement	1 year	90 days	NA	NA
State of California and California Local Agency Bonds	NA	10%	Max 5% per issuer	5 years	5 years	NA	A- (S&P) or A <del>3</del> <u>2</u> (Moody's) or A- (Fitch)
Bonds of any of the other 49 states in addition to California	NA	10%	Max 5% per issuer	5 years	5 years	NA	A- (S&P) or A <del>3</del> <u>2</u> (Moody's) or A- (Fitch)
Bankers' Acceptances	40%	40%	Max 5% per issuer	180 days	180 days	NA	A1 or P1 or F1

**Alameda CTC Investment Policy April 2013~~4~~**

INVESTMENT	% OF PORTFOLIO		PURCHASE RESTRICTIONS Alameda CTC Policy	MAXIMUM MATURITY		MINIMUM CREDIT QUALITY	
	Per Cal. Gov't Code	Alameda CTC Policy		Per Cal. Gov't Code	Alameda CTC Policy	Per Cal. Gov't Code	Alameda CTC Policy
Commercial paper of US corporations with total assets exceeding \$500,000,000	25%	25%	Max 5% of outstanding paper of any single issuer & max 5% of portfolio of any one issuer	270 days	270 days	A1 or P1 or F1	A1 or P1 or F1
Medium Term Corporate Notes of U.S. Corporations	30%	30%	Max 5% per issuer	Max 5 years	5 years	A	A- (S&P) or A <del>3</del> <sub>2</sub> (Moody's) or A- (Fitch)
California Collateralized Time Deposits	NA	10%	Max 5% per issuer	NA	1 year	NA	NA
Negotiable Certificate of Deposits	30%	30%	Max 5% per issuer	5 years	3 years	NA	A- (S&P) or A <del>3</del> <sub>2</sub> (Moody's) or A- (Fitch)
State of California- Local Agency Investment Fund (LAIF)	NA	NA	As limited by LAIF (currently \$50 million)	NA	NA	NA	NA
California Asset Management Program	NA	5%	NA	NA	NA	NA	NA
Shares of Beneficial Interests (Money Market Funds)	20%	20%	Max 5% per <a href="#">Prime fund</a> , <a href="#">Max 10% per Government fund</a>		N/A	AAA	AAA <del>m</del> (S&P) or Aaa <del>mf</del> (Moody's) or AAA <del>m</del> <del>mf</del> (Fitch)

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# Memorandum

4.2

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**DATE:** April 7, 2014

**SUBJECT:** Renewal of Existing Paratransit Coordination Services Contract for Fiscal Year 2014-15.

**RECOMMENDATION:** Approve the renewal of the current paratransit coordination services contract with Nelson/Nygaard Consulting Associates for Fiscal Year 2014-15, and authorize the Executive Director to enter into negotiations and execute a contract for a not-to-exceed budget of \$360,500.

## Summary

The Alameda CTC was scheduled to release an RFP in FY2013-14 for paratransit coordination services. These services have been provided by Nelson/Nygaard Consulting Associates since 2009. However, a recent reorganization of staff resources has been initiated due to the paratransit program manager's departure from the agency, which included the transition to a new program manager. Based on these factors, staff recommends a one-year renewal of the existing contract with Nelson/Nygaard through June 30, 2015 with a not-to-exceed budget of \$360,500 instead of releasing an RFP at this time. If approved, the terms and conditions of the paratransit coordination services professional services contract will be negotiated and will be anticipated to commence on July 1, 2014.

## Background

The Alameda CTC contracts on a periodic basis with a number of professional services consultant firms to assist staff in providing a range of general administrative services, including, but not limited to, general counsel services, legislative advocacy, planning development, outreach, technical assistance, project and program-wide management, and administrative support services. In January 2014, the Commission approved the FY2014-15 Administration Support Professional Services Contracts Plan which recommended issuing an RFP for Paratransit Coordination Services. Paratransit coordination services include meeting facilitation and coordination, administration and coordination of Measure B and Federal grants funding, outreach services, coordination of Alameda CTC's Countywide Mobility Management Pilot Program, and general technical assistance. Nelson/Nygaard Consulting Associates, an Alameda CTC certified LBE firm with an office in Oakland, California, has provided these services since 2009.

A recent reorganization of staff resources has been initiated due to the paratransit program manager's departure from the agency, which included the transition to a new

program manager. Staff recommends a one-year extension to the existing contract through June 30, 2015 instead of issuing an RFP at this time to allow for the transition of staff while maintaining continuity in the level of support provided to the Paratransit Advisory and Planning Committee (PAPCO) and the Paratransit Technical Advisory Committee (ParaTAC), as well as several Alameda CTC-administered paratransit programs. If renewed, the terms and conditions of a one-year extension of the paratransit coordination services professional services contract with Nelson/Nygaard Consulting Associates will be negotiated and will be expected to commence on July 1, 2014. The value of the current contract, which covers the period from July 1, 2013 to June 30, 2014, is \$363,771. The proposed not-to-exceed budget for FY 2014-15 is \$360,500.

### **Fiscal Impact**

If a one-year renewal is approved, the contract will be negotiated and the final budget will be included in the Alameda CTC's consolidated FY2014-15 proposed budget for Commission approval.

### **Staff Contact**

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