Cash Management

Best Practices Guide

prepared by

KPMG Peat Marwick LLP

in conjunction with

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of Transportation

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CASH MANAGEMENT BEST PRACTICES GUIDE

June 1996

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16. Abstract

KPMG conducted on-site interviews with eight transit agencies to assess cash management procedures. During the course of the on-site visits, KPMG performed in-depth reviews of investment policies and procedures, banking relations, forecasting and budgeting, cash and fare media collection procedures, provision for benefit accruals; and planning with respect to FTA, FHWA, and ISTEA requirements. The on-site visits were supplemented with written material provided by transit agencies including, statutes, regulations and policies, budget and financial reports, and performance measures. The best practices described in this Cash Management-Best Practices Guide represent a collection and amalgamation of policies and procedures from the transit agencies which participated in the on-site reviews.

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PREFACE

An American Public Transit Association (APTA) Project Oversight Committee, comprised of transit agency chief financial officers, directed the FTA-funded study conducted by KPMG Peat Marwick LLP to re-examine the cash management issues of investments and banking relations surveyed by the APTA Financial Management Committee in 1990 and extend the area of inquiry to include other areas pertinent to cash management.

Role of APTA

The APTA Project Oversight Committee, which directed the study was composed of the following transit agency chief financial officers.

Solbert L. Barth
Assistant General Manager-Finance
Metropolitan Transit Authority of Harris County

Leland J. Carlson
Finance Manager
Tidewater Regional Transit

Murphy McCalley
Former Director, Finance & Administration
San Diego Metropolitan
Transit Development Board

Tom McNichols
Chief Finance Officer
Suburban Bus Division of RTA, Pace

Carroll Olson
Assistant General Manger for Finance
Metropolitan Atlanta Rapid Transit Authority

The committee was actively involved in developing the study topics, identifying transit agencies for the case studies, and reviewing study products. The extremely high level of expertise demonstrated by the committee members was fundamental toward developing a study scope to address cash management functions relevant to transit agencies throughout the industry.

FTA Role

The study originally was sponsored by the Federal Transit Administration (FTA) Office of Technical Assistance and Safety. The project was brought to completion through sponsorship by the FTA Office of Planning. Edward Thomas, Effie Stallsmith, and Nancy Strine provided technical direction and monitored progress throughout the course of the study.

KPMG Role

KPMG conducted on-site interviews with eight transit agencies to assess the current cash management procedures. During the course of the on-site visit, a more in-depth review of investment policies and procedures and banking relations was conducted. Other areas examined included: forecasting and budgeting; cash and fare media collection procedures; provision for benefit accruals; and planning with respect to FTA, FHWA, and ISTEA requirements. The on-site visits were supplemented with written material provided by transit agencies including: statutes, regulations and policies, budget and financial reports, and performance measures. The best practices described in this *Cash Management-Best Practices Guide* represent a collection and amalgamation of policies and procedures from the transit agencies which participated in the on-site reviews.

PREFACE

KPMG would like to thank the eight transit agencies who participated in the cash management reviews. This *Guide* could not have been successfully completed without their valuable assistance. The following chief financial officers extended generous staff time to enable KPMG to conduct the cash management reviews:

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Assistant General Manager for Finance
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Chief Financial Officer
Suburban Bus Division of RTA, Pace
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Director of Administration
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Corpus Christi, Texas

Judith Ray
Manager of Finance
Central Florida
Regional Transportation Authority
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Controller
Ann Arbor Transportation Authority
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Utah Transit Authority
Salt Lake City, Utah

Betsy Ross
Finance Manager
Santa Cruz Metropolitan Transit District
Santa Cruz, California

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INTRODUCTION

INTRODUCTION

According to data documented in the KPMG report prepared for the Federal Transit Administration, **Asset Management in the Transit Industry**, fare revenues had grown in excess of $5 billion by 1989, and balance sheet items comprised of cash, investments, and special funds exceeded $9 billion by 1987. From 1979 to 1987, investments held by transit agencies grew by 1,290 percent! As evidenced by these data, the importance of cash management has grown over the past decade and transit agencies are faced with the need to create or update cash management policies and improve cash management procedures as part of their financial management system.

Cash management is important to transit agencies for the following reasons:

- Transit is a cash business, and agencies must monitor collections to prevent fraud and abuse.
- Operating as public entities, agencies must seek investments of surplus cash to maximize safety and liquidity while searching for attractive yields.
- To sustain operations, transit agencies must develop procedures for managing cash flow to meet obligations.
- To manage financial capacity requirements, transit agencies must maintain sufficient levels of working capital.
- To provide for the long-term, transit agencies must be able to forecast cash flows to meet future requirements, both in terms of capital and operations and maintenance.

Cash management involves at least five major functions. The first three are daily considerations of a transit agency; (1) cash and fare media collection and control, (2) short-term investing and borrowing and the management of day-to-day cash flows (balancing receipts and disbursements), and (3) bank relations with respect to services purchased. Over the longer term, ranging from one year to the time period for long term planning; (4) cash flow forecasting and budgeting become essential as well as (5) provisions for benefit accrual. This last policy issue involves liabilities that could affect a transit agency's cash position.

This *Cash Management-Best Practices Guide* was developed from on-site interviews with transit agencies to assess current cash management policies and procedures. These on-site visits were supplemented with written material provided by transit agencies including; statutes, regulations and policies, budget and financial reports, worksheet and reporting forms, and documentation of procedures and performance measures.

The best practices described in this *Guide* represent a collection of policies and procedures from the transit agencies which participated in the on-site reviews. A companion volume, *Cash Management Reviews*, describes in detail the cash management policies and procedures of the transit agency participants. In the course of conducting the reviews and developing the materials for best practices, consideration was given to representing the diverse nature of the transit industry. Therefore, coverage includes agencies with large bus only operations, combined bus-rail operations, and smaller sized operations, representative of all areas of the country. All but one of the transit agencies reviewed had a dedicated source of non-operating revenue. This desirable condition was targeted to enable review of the investment function and long range capital budgeting which may involve revenue bonds or other instruments that require a revenue stream as security.

PURPOSE OF THE GUIDE

The *Cash Management-Best Practices Guide* is intended to assist transit agencies in formulating policies and developing procedures across the various functions which constitute cash management. For most transit agencies, sections of the guide may prove useful while some of the material will be redundant. For example, policies and procedures on the investment function may be helpful toward improving that function within an agency, while the materials on bank relations may not describe anything beyond what the agency already is doing.

Since the *Guide* is intended as a technical resource, the text is accompanied by a series of exhibits. These exhibits present policies which have been enacted by transit agencies, and pertain to working documents which are intended to be accessed and adapted. Exhibits are referenced throughout the text with brief identifying descriptions. For example, the materials which address the investment function; offer a discussion of the issues which relate to best practices, and provide examples of enacted investment policies, as well as reporting formats to track investments and investment performance.

The major functions of cash management are addressed under the following topic headings:

- Cash Collections
- Investments
- Bank Relations
- Forecasting
- Benefit Accruals

The exhibits referenced in the text are organized in subsequent sections of the *Guide* according to these major functions of cash management.

1. Cash Collections

1. CASH COLLECTIONS

The issue of cash collection, handling and processing is especially relevant to the transit industry because it is basically a cash business. Almost all transactions for payment of transit services are handled by cash and in limited cases, check. Transit has had little exposure to credit card sales, or selling transit services through an invoice system. The material on cash collection is organized under the following major topic headings.

- Cash Collection Controls
- Cash Collection and Processing
- Case Study: Use of an Outside Contractor
- Fare Media
- Case Study: Special Events
- Special Situations: Vanpools
- Cash Flow Monitoring

Cash Collection Controls

The processes for cash collections involve cash fares and fare media. While transit agencies are attempting to implement and encourage wider use of fare media, cash fares still provide the major source of fare revenue throughout the industry. Cash fares are collected in the farebox, meaning that the major issues revolve around getting the cash into the farebox and then getting the farebox to a central facility for processing. Two controls were used by transit agencies reviewed to control the receipt of cash.

The strictest security procedure involves sending out "transit riders" with marked bills to determine if the marked money shows up in the farebox. The second control, routinely employed, involves a reconciliation, by farebox, of the type of media reported by the driver on a log to the contents of the farebox. This reconciliation is completed on a random basis. This type of analysis is especially useful to establish trends so that if a driver underreports cash fares on the log the trend data would indicate a potential situation requiring attention.

Cash Collection and Processing

For smaller systems cash consolidation occurs as the buses pull-in and fareboxes are collected for counting. For larger systems with multiple maintenance facilities, farebox revenues must be shipped to the counting facility. This can be done under contract to an armored car service, or done by the transit agency using unmarked trucks. If unmarked trucks are used; the route taken to the counting facility should be varied, and for security precautions it may be advisable to have a radio equipped unmarked car follow the truck.

The complexity of cash counting (actually farebox counting) varies by the size of the transit agency and the types of fare media used. The material which follows describes the cash counting procedures for a large and small/medium sized transit agencies, and summarizes farebox money handling procedures in general for agencies which perform cash counting internally.

Large Sized Agencies. The following procedures are for large sized agencies that collect a substantial amount of cash on a daily basis. The cash handling function should be located in a nondescript, secure facility. The fareboxes are emptied at the maintenance facility as the buses finish their runs. A computer system may be used to record the bus number, route number, cash box number, time of collection, and the revenue for each farebox. Another feature of these types of computer systems is a built-in alarm procedure. If the farebox takes longer than 60 seconds to empty, it is recorded in the daily report as a possible tampering problem.

Cash counting facilities at large agencies typically employ a number of people (some part-time) who straighten and count the dollar bills. The employees are required to wear uniforms [all pockets are sewn closed] and to change clothes at the cash counting facility. During each shift employees work as a group and are not permitted to leave the facility until after they have completed their shift. In the morning, the employees straighten the one dollar bills to prepare for counting and sort out paper tickets that have been dropped in the farebox. After the bills are straightened, they are counted by one employee on a counting machine. The amount is verified by another employee who counts the money using a different counting machine. The one dollar bills are strapped in one hundred dollar wrappers and bundled in lots of $500.

Another employee monitors the counting of the change and tokens, which is done by coin sorters. The machines maintain a register tape for each farebox bin that is dumped into the sorter. The coin counting machine is calibrated to separate and count tokens. The first bag of coins is recounted at another coin counter to verify the accuracy of the coin sorter. If the first bag is correct, it gives assurance that the counting machine is operating properly and no other bags of coins are recounted. The bags of tokens are weighed to verify the accuracy of the count before they are routed for redistribution.

Small/Medium Sized Agencies. The procedures described above are warranted for transit agencies which accumulate substantial amounts of cash fare revenue on a daily basis. For smaller operations, simpler less costly procedures are warranted. A fairly simple system, has each vehicle assigned two farebox canisters that are marked for that particular vehicle. Operations personnel remove the full farebox canister and place it in the cash counting room in the appropriately marked slot. The supervisor then places the empty farebox in each bus. On a random basis each farebox is reconciled to the driver log as described above.

One or two employees are responsible for the cash counting function, which is conducted in a room preferably with a floor to ceiling window wall and a surveillance camera. If contractors are used for service, the contractor farebox revenue is counted separately from farebox revenue for the agency. The farebox canisters are opened by the cashier. All coins are sorted and counted using the coin machine. Fareboxes are counted separately on a weekly basis to track fare collections at the route level, otherwise the contents of the canisters are commingled. Tokens are prepaid-revenue items that are counted for internal purposes. Tokens are rolled in packages and sent back to headquarters for redistribution. The currency and tokens are logged into the daily receipt log book by denomination.

The armored service courier picks up the deposit and delivers to the bank before the cut-off time for crediting deposits. Under this time schedule the agency receives same day credit for deposits.

Cash Collection Monitoring. To monitor collections at the route level, drivers keypunch each type of fare as the passengers board the bus, specifically; cash, monthly pass, 10 ride ticket, 20 ride ticket, etc. Once a week, the fare count is conducted by vehicle number to check the accuracy of the driver's daily trip cards. The Department of Finance randomly selects the day of the week to sample. This data then is compared to the farebox contents for that route. Automated farebox systems provide more control at the route level, however, high maintenance costs for these fareboxes may outweigh the benefits, given the size of the system. Fare media (paper) are shredded on a weekly basis by cash processing personnel.

Summary: Cash Collection and Processing. The farebox money handling procedures are listed below:

- Every night cash boxes are pulled from the buses and dumped into the collection vault(s) as the buses finish their runs
- Any money accidentally exposed is sealed in a bag and tagged with the initials of the person sealing the bag
- Farebox pullers do not have access to keys to collection vaults
- Access to counting room is restricted to authorized personnel
- Two or more people are required in money room when money is exposed (smaller transit properties may be limited to one person). Keys to the vault are kept in the Finance Department and must be checked out to count money and checked in when finished
- Farebox personnel are required to wear uniforms with pockets sewn shut
- Farebox personnel are not allowed to bring wallets, purses, money, etc., into the money room
- Money room is kept under constant monitoring by closed circuit television
- All containers brought into the money room must be inspected upon leaving
- Doors and gates to the money room are kept closed and locked while money is exposed
- Farebox personnel are subject to polygraph tests
- All money is listed on a reconcilement sheet which is signed by two people and turned in at the end of each day with a copy of the deposit slip
- All money is picked up by armored car daily (this may change to three times a week for smaller properties, which necessitates secure safekeeping of accumulated farebox revenues)

Exhibit 1.1 (page 1-1) describes the Cash Receipts Process for a Small/Medium Sized Agency. The procedures document the process for collection of farebox, transit center, and miscellaneous cash receipts and the direct deposit and wire transfer of allocated funds from various federal and local sources.

Exhibit 1.2 (page 1-4) describes the Standard Operating Procedures for Fare Counting for a Small/Medium Sized Agency. The procedures involve security for the money room, fare canisters, and money counting.

Exhibit 1.3 (page 1-9) presents examples of Daily Cash Reports for a Small/Medium Sized Agency. This exhibit presents an example of a daily cash collection and deposit report. The report displays for each bus the amount of cash, tokens, and tickets collected. The report calculates the total cash by dollar bills and coins, tokens, and checks to obtain the total daily revenue. The agency uses a similar report for contract out service for commuter transportation.

CASE STUDY

An outside contractor may be engaged to perform the cash counting function for the revenue collection process. The following discussion describes the experience of the Suburban Bus Division of the Regional Transportation Authority, Pace, serving the Chicago area.

Each bus operating division has a consolidation bin where farebox cash and tokens are collected. As the buses return to the operating division from their runs, the fareboxes are dumped into the consolidation bins. Wells Fargo delivers the consolidation bins to the Illinois Armored Car Company cash counting facility. Fareboxes used on the paratransit vehicles are collected at each division. At private contractor facilities, individual fareboxes are also collected. The revenues are not commingled with bin revenue.

Illinois Armored Car Company is the current contractor with a contract for two years and a renewal option for two years. Illinois Armored Car Company provides the personnel to receive the consolidated bins and farebox revenue from paratransit and privately contracted service, count the money, and remit a check to Pace or it's designee for the amount counted.

Illinois Armored Car Company is responsible for the loss of or damage to any Pace equipment and all Pace revenues once delivered to Illinois Armored Car Company. Illinois Armored Car Company maintains the required insurance to cover losses, and Pace may audit Illinois Armored Car Company at any time.

Pace contracts with Wells Fargo for the pickup and delivery of consolidation bins and farebox bins from Pace divisions to the Illinois Armored Car Company counting facility. Illinois Armored Car Company personnel empty the bins. The empty farebox bins are transferred to Wells Fargo for return to the Pace divisions upon delivery of the full revenue bins. Illinois Armored Car Company maintains separate count totals for each consolidation bin and each farebox. This information is submitted weekly. A monthly report is generated showing the bin number, location the bin was picked-up from, and totals for all coin, currency, and tokens *collected in the bin. The report is submitted to Pace during the monthly billing process.*

Illinois Armored Car Company has several accounts and maintains separate processing and storage areas for each account. Pace revenues are counted according to consolidation bin number or farebox number. In order to segregate consolidation bin revenue from farebox revenues, Illinois Armored Car Company divides the responsibility among workers. Several workers count consolidation bin revenue and other workers count farebox revenue.

The most difficult portion of the counting process is handling the CTA tokens. CTA has one token shaped like a nickel and another token the approximate size of a dime. As the consolidation bin is dumped into the coin counting machine, nickels and CTA tokens are grouped together and dimes and CTA tokens are grouped together. The nickels and nickel sized tokens and dimes and dime sized tokens are then separated by the token machine sorter. After the nickels and dimes have been separated from the tokens, the coins are returned to the coin counting machine for processing. Illinois Armored Car Company counts the CTA tokens and delivers the tokens directly to CTA. CTA reimburses Pace for the cost of the tokens in a separate arrangement.

Dollar bills are straightened and aligned face side up to prepare for processing. In processing, all dollar bills are counted twice. One dollar bills are wrapped in one hundred dollar straps. Illinois Armored Car Company saves everything collected in the farebox (e.g., complementary passes). Anything other than currency, coin, or tokens is bundled together and shipped to Pace on a weekly basis. Illinois Armored Car Company issues Pace a check for the total amount of money collected within forty-eight hours of receiving the consolidation bins and fareboxes. Illinois Armored Car Company buys the money from Pace for its coin and currency retailing operation.

Illinois Armored Car Company submits monthly billing statements to Pace showing the costs by location and bin number for counting and processing coin, currency, and tokens. The costs are shown below:

- *$ 6 per $1,000 in coin*
- *$ 9 per 1,000 tokens*
- *$25 per 1,000 dollar bills*

Pace would rather contract out the cash counting service than implement and operate an in-house cash counting facility, which would require significant capital investment and continuing operating costs.

Exhibit 1.4 (page 1-15) describes the Specifications for a Proposal to Contract Out the Cash Collection Function.

Fare Media

The procedures for handling fare media will vary based on the type of media, e.g., tokens, passes, script. Where the fare media is a "paper product" it should be treated as inventory. This will require a coding system which frequently mixes numbers to account for volume and colors to account for time, i.e., different color monthly passes for each month.

The Accounting Division performs the fare media reconciliation (transcards/tokens) on a monthly basis after they have received all necessary reports from the unit which collects and processes fare revenue and media sales outlets. Fare media are treated as inventory by numbering each farecard. Accounting of farecards is based on production of a predetermined number of fare cards, which constitutes the beginning inventory. The Accounting Division reconciles cards sold, returned, and the cash deposited to this beginning inventory.

Ridestores. Ridestores operated by the transit agency enable the direct sale of weekly and monthly passes, tokens, and parking permits. These ridestores are generally located at major transit centers and at high traffic downtown locations. Ridestores sell all types of fare media and maintain positive customer relations by handling passengers' problems. The ridestores employ sound cash management and control procedures, operating similar to a bank or retail outlet. Each cashier accounts for a cash drawer, inventory of fare media, and cash. Each employee is responsible for settling his/her drawer on a shift basis. Policies may be implemented regarding overages/shortages of cash drawers. Any employee with a twenty dollar difference in their cash drawer may be put on probation. Repeated shortages (or overages) lead to dismissal. Fare media may be treated like perishable inventory. The weekly pass ticket which runs from Monday to Sunday is priced, then is discounted for a Friday through Sunday pass and further discounted for a Saturday and Sunday pass. The ridestores generally accept checks for fare media from transit patrons and businesses may register to purchase fare media by check.

The arrangements with businesses may be expanded to a consignment arrangement, whereby the transit agency sends a specified number of passes to a business on a monthly basis. The business then is responsible for the passes. The passes on consignment are reconciled on a monthly basis through payment and returns of any unused passes. Some transit agencies sell passes through mail order. In the age of customer service, it is probably time to start doing business with credit cards, to provide riders and potential riders with more payment options.

Ticket Outlets. Transit agencies also sell fare media through ticket outlets, such as grocery stores, banks, convenience stores, college and university bookstores/student unions. The fare media are issued on consignment to the ticket outlets. Fare media consigned to the ticket outlets are entered in a computer file by number to enable reconciliation of returned passes and cash. The transit agency collects the revenue and unsold fare media on a monthly basis. Tokens which are not perishable are sold on a prepaid basis to the ticket outlets. The arrangements for commissions to ticket outlets varies throughout the industry. If a commission is offered it is generally based on a percentage of sales. A novel approach involves providing ticket outlets with monthly passes as commission, which they may use or sell to transit patrons. This "product based commission" could easily be linked to volume, based on the prior months performance of the outlet.

Exhibit 1.5 (page 1-34) presents the Farebox and Pass Revenue Summary. The summary report compares revenues from various sources (farebox, token, passes, tickets) from year to year. The report is a valuable tool for analyzing changes in the types of revenue utilized.

Exhibit 1.6 (page 1-36) presents Monthly Ticket Sales Activity. The report shows ticket sales for different types of fare media and the revenues associated with the fare media.

Exhibit 1.7 (page 1-38) presents a Monthly Bus Pass Sales Comparison Report. The report shows the number of passes sold by type and the associated dollar amount. The agency utilizes the report to compare data from one year to the next year.

CASE STUDY

The Ann Arbor Transit Authority (AATA) provides fixed route bus service for special events in the Ann Arbor area. The two primary special events are the annual art fair and University of Michigan home football games. These events normally draw crowds equal to the entire population of Ann Arbor, and require extensive transit service. The following case study describes how a medium sized agency serves special events.

Art Fair. *The art fair is a four day event during July that generates over 105,000 additional transit riders. The AATA provides shuttle service between downtown and two locations in the outlying areas; Briarwood Mall and Pioneer High School. The cost of a ride ticket is $1 for a one-way trip and tickets can be purchased at either Briarwood or Pioneer. At both Briarwood and Pioneer, there is ample parking for patrons. The tickets are color coded by boarding location. Color coding ensures that when riders return from downtown back to the parking lot, they are going to the correct location.*

Eighteen shuttle buses are operated for the art fair. To improve the boarding efficiency, the AATA uses large locked boxes as fareboxes outside of the buses. Each rider deposits a ticket in the locked box before boarding the bus. Cash is accepted through the fareboxes on the shuttle buses, however, tickets are preferred.

Ride tickets are pre-numbered and a reconciliation of tickets issued and cash collected is performed for each day.

Exhibit 1.8 (page 1-40) provides information on the Art Fair and the Shuttle and Trolley Bus Routes for the Special Event.

University of Michigan Home Football Games. *AATA provides direct scheduled service between area hotels and the University of Michigan football stadium. The shuttle to the football games costs $1.50 each way. The AATA operates 18 shuttle buses to the stadium on home game days. These games typically drawn over 100,000 fans to a stadium located in a tightly compacted sports complex with extremely limited road access and parking, making transit the mode of choice.*

The AATA provides football tickets to the drivers who work the shuttle routes. The AATA has found that it is less expensive to furnish football tickets to the drivers than to pay them for deadheading and intervening time during the game.

Local hotels and restaurants sell shuttle bus service tickets for the AATA. Some hotels/restaurants prepay for the ride tickets *while others pay following each game. The AATA reconciles the tickets and receipts at the end of the season and bills the establishments for any remaining balance. Cash is accepted on the shuttle buses, however, ride tickets are preferred.*

Special Situations: Vanpools

To enhance the appeal of a vanpool program, procedures may be developed that relieve the vanpool driver of the responsibility of collecting fares. Instead of the driver collecting fares, the transit agency bills the participants on a monthly basis. The transit agency furnishes the participants with a receipt which they show to the driver. In addition to removing the driver from the fare collection process, the vanpool program may be enhanced by including a provision which allows drivers use of the van for a specified number of personal miles per month.

Cash Flow Monitoring

The general fund cash flow report is a monthly portrayal of the beginning cash balance plus farebox revenue, contract fares, sales tax revenue, federal, state, and local grants, and other receipts less payroll, non-payroll disbursements, certificate of participation payments, and capital outlay to determine an ending cash balance. A simpler version of the monthly cash flow report depicts the beginning cash balance plus projected receipts, less projected disbursements, to obtain a net outlay for the month and a cumulative cash balance for the month.

Exhibit 1.1

Cash Receipts Process for a Small Transit Agency

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

FINANCE DEPARTMENT

Rev 5/93

ACCOUNTS RECEIVABLE - CASH RECEIPTS

Revenues are received in one of five ways: by passenger sales on the buses (farebox revenue), purchase of bus passes at ticket outlets, miscellaneous cash receipts (grants, sales tax, contract billings, rents, etc.) through the Finance Department, direct deposit of cash to the general fund (TDA revenue, STA revenue), and wire transfers to the general fund. The District's general fund is contained in the County Treasury, since the District's Treasurer is the County Treasurer.

1. FAREBOX RECEIPTS

All buses are equipped with fareboxes and removeable vaults. The vaults can only be placed in service and removed from the farebox by a special farebox key. The Supervisor of Revenue Collection is the custodian of this key. During the time that the bus is in service, money is deposited by passengers in the fareboxes and drops into the interior locked vaults. The Bus Operators do not make, or carry, change for the passengers. Five nights per week, the locked vaults are removed from the fareboxes by contract security personnel using the special farebox key, and stored in the vault room at the Santa Cruz Operations Facility. An empty vault is placed in the farebox. Five days per week, the money is removed from each locked vault by the Supervisor of Revenue Collection, using a special vault key. He is accompanied by contract security personnel. The money is counted by machine, bagged by denomination, and locked in a safe in the vault room. Any dollar bills deposited in the vaults are separated, counted manually, and locked in the safe. Three times per week, an armored car service picks up the bagged, counted money, issues a receipt in the amount counted by the machine plus any dollar bills counted, and delivers the money to Pacific Western Bank. The amount is verified by the bank, which then ships the money to the Federal Depository in San Francisco. The money is credited to the District's bank account. On Tuesday of each week, a Finance Department employee picks up the check for the amount of fares at the bank. The check is logged in the Finance Department, and deposited in the District's general fund at the County the same day. The sum of the checks received from the bank during the month, and the cash counted by the District employees are reconciled at the end of each month.

2. METRO CENTER CASH RECEIPTS

The District sells bus passes at the Metro Center in Santa Cruz and through various ticket agents throughout the County. The money received by each Metro Center cashier is counted at the end of the day by each cashier. The Ticket & Pass Program Specialist reviews and verifies each cashier's cash reconciliation the following business day. The amount of money received must equal the number and type of passes sold. The Ticket & Pass Program Specialist also receives the money for ticket agent sales and invoice sales, which she logs. Once each week, the armored car service picks up all the cash received by the Ticket & Pass Program Specialist at Metro Center and issues a receipt to the Ticket & Pass Program Specialist. The money is then delivered to Pacific Western Bank and added to the same account as the farebox revenue. The Ticket & Pass Program Specialist prepares a weekly report on ticket sales and billing receivables. The report is reconciled monthly to the amounts received by Pacific Western Bank.

3. MISCELLANEOUS CASH RECEIPTS

The District receives checks and cash from various sources at the Finance Department and through the post office box. Receipts relate to grants, sales tax, damage payments, rents, service contract billings, and COBRA payments. The receipts are logged and deposited into the County Treasury in accordance with the Finance Department's procedure on deposits. Receipts are stored in the Finance Department safe pending deposit. At the end of each month, the summary of all checks and cash received and deposited is reconciled to the bank statement by the Accountant. The reconciliation is reviewed by the Senior Accountant.

4. DIRECT DEPOSIT

Certain funds paid to the District by the County are deposited directly to the general fund by the County, through a journal entry. These funds include Transportation Development Act (TDA) allocations, State Transit Assistance (STA) allocations, reimbursements for the bicycle parking program, and Public Employees Retirement System (PERS) surplus revenue.

5. WIRE TRANSFERS

In specific instances, the District receives revenues by wire transfer directly into the District's general fund. These revenues include Federal Transit Administration (FTA) grants, and proceeds from Revenue Anticipation Notes and Certificates of Participation.

Exhibit 1.2

Standard Operating Procedures for Fare Counting
Small/Medium Sized Agency

STANDARD OPERATING PROCEDURES

SUBJECT: Fare Counting Procedures

DISTRIBUTION: Cashier/Transportation Supervisors

NO.: M-01-002
DATE: May 1, 1991
By: Mark A. Thompson
APPROVED: David Castillo
Director of Finance

I. PURPOSE:

The purpose of this standard operating procedure is to insure that all monies from fare boxes are properly safeguarded, accounted for and deposited to the depository of the Corpus Christi Regional Transportation Authority.

II. PROCEDURES:

A. Money Room Security Procedures:

1. Money room is located at the Bear Lane Operations facilities adjoining the dispatcher's area.

2. Only authorized personnel are to have access to the money room. Those persons are:

   a. Operations personnel and their supervisors responsible for the removal of canisters from fare boxes and the maintenance of canisters in disrepair.

   b. Finance Department personnel charged with the counting, sorting and preparing of fares for deposit via armored car, and their supervisors.

   c. Janitorial personnel at the request of the FinanceDepartment for cleaning purposes.

3. Windows should be kept free of any obstructions which would restrict a clear view of money room interior from the dispatcher's area.

4. Money room should be kept free of clutter and any objects which are not directly related to the fare counting procedure.

5. Purses, briefcases and other personal articles should be left outside the money room in the custody of the dispatcher on duty.

6. The keys to the money room vault will be in the sole possession of the proper Finance Department personnel.

7. Any monies which are found outside of the locked container after its removal from the farebox should be taped to the canister for inclusion in the fare count.

8. The Operations personnel responsible for removing the fare canisters at night should set the alarm on the key pad outside the money room upon securing the room for the night.

B: Canister Security Procedures:

1. Fare canisters are to be removed from vehicles by the appropriate Operations personnel.

2. At the time of removal any canister which fails to lock in the closed position or evidences any other security problem must be reported by the completion of a "Farebox Replacement/Repair Form" (Exhibit "A") for timely service, repair or replacement. The white copy should be given to the cashier to be taken to the Finance/Accounting Department for filing. The yellow copy should accompany the canister in question when submitted to the proper Maintenance personnel for disposition. After resolution by Maintenance of the canister problem the yellow copy should indicate the steps taken to repair or replace the canister and returned to the cashier to be delivered to Finance/Accounting for filing. The green copy should be maintained in a file by the yard supervisors.If the problem is not noticed until the time of fare counting, the money room cashier should complete the form.

3. The appropriate Operations personnel should ensure that there are always two (2) canisters for each vehicle. The appropriate Finance department personnel should stay cognizant of the supply of spare canisters to avoid being caught short of backups.

4. Canisters must be correctly marked for the vehicle in which they are used. If it is necessary to use a canister which is labeled for a different vehicle, the canister must be temporarily marked with a label taped to the canister in a prominent position.

5. The person(s) removing the canisters from the vehicles will place the canister in the appropriately marked slot in the canister rack inside the money room.

6. Canisters must be emptied and contents counted every day except Sunday to ensure that every vehicle will have the proper canister installed for the next day. (Canisters from the vehicles used in the Elderly and Disabled service are removed and the contents counted every Friday.)

7. Canisters should normally be opened only by the cashier or personnel designated by the Director of Finance. If an empty canister is accidentally closed just prior to placement in a vehicle or at any other time needs to be opened, the appropriate Maintenance personnel may be contacted for the use of their key.

8. Keys which open canisters should be held only by the Finance Department, the designated person in the Maintenance Department and the Manager of Transportation and all keys will be secured in locked locations.

9. The Finance Department canister key will be kept locked in the money room vault when not in use.

10. The cashier should compare the signature of the armored car personnel who signs for the deposit, to the list of authorized signatures provided by the armored car service officials. The pickup slips should be filed and maintained by the Accountant II.

C. **Procedures for Money Counting:(Applies to Cashier)**

1. All coins should be counted and sorted using the money counter.

2. Cashier should wear an apron at all times while in the money room.

3. Upon entering the money room the cashier should leave the money room only in the event of emergencies. At any time the money room is left unattended the entrance must be left in a secured and locked condition.

4. Cashier will not make change or cash checks from fare monies.

5. Cashier must report to the money room each morning at the designated time in order to allow enough time to complete the sorting, counting, bagging and deposit preparation processes before the scheduled armored car pickup. The armored car service is required by contract to pickup the deposit at the money room between the hours of 12:00 noon and 1:00 P.M. and to deposit to our account before 3:00 P.M. Any deviation from the pickup schedule should be noted in writing and tendered to the Accountant II.

6. Cashier will be responsible for maintaining an adequate inventory of bank coin bags, bag seals, coin wraps and all other supplies essential to the money sorting/counting process. Bank bags are used in four sizes: 15" X 27" - Large bag to hold several smaller coin bags; 11½" X 18½" - $ 1,000 quarter bag; 9" X 15½" - $ 500 quarter bag; 6½" X 13"- small bag for pennies, nickels and dimes.

7. The cashier should compare the signature of the armored car personnel who signs for the deposit, to the list of authorized signatures provided by the armored car service officials. The pickup slips should be filed and maintained by the Accountant II.

8. On armored car service holidays (bank holidays) and Saturdays, all monies must be secured in the money room vault until the next regularly scheduled pickup.

9. Mutilated and foreign currency should be kept secured in the money room safe until such time as it is remanded to the custody of the Accountant II for disposition.

10. If the cashier is unable to perform his/her duties due to illness or other emergency, their supervisor must be informed at the earliest possible opportunity to ensure that the sorting/counting procedure is completed prior to the regularly scheduled armored car pickup. Except in the case of an emergency, the cashier should inform their supervisor no later than one-half hour before their regularly scheduled starting time.

11. No less than once a week a fare count will be made on a per vehicle basis. This day will be determined by the Accountant II, the actual day of the week to be selected at random. Counts on a per-vehicle basis may be required at any additional times at the discretion of the Manager of Accounting or the Director of Finance.

12. The Account Clerk I who is responsible for the driver's daily trip cards will furnish the Accountant II with the daily summary sheet to be compared to that day's fare count sheet. Any significant differences will be investigated and resolved by the Accountant II.

Exhibit 1.3

Daily Cash Reports
Small/Medium Sized Agency

BUS #	CASH	$	TOKEN	.50	TKT
401					
402					
403					
404					
405					
407					
506					
507					
601					
602					
603					
604					
605					
606					
607					
608					
609					
610					
611					
612					
613					
614					
615					
616					
617					
618					
801					
802					
803					
804					
805					
806					
807					
808					
809					
810					
901					
902					
903					
904					
905					
906					
907					
908					
909					
910					
911					
912					
913					
914					
915					

BUS #	CASH	$	TOKEN	.50	TKT
916					
917					
918					
919					
920					
921					
922					
923					
924					
925					
926					
927					
3301					
3302					
3303					
3304					
3305					
3306					
3308					
85					
86					
87					
88					
89					

BILLS: __________

HALVES: __________

QUARTERS: __________

DIMES: __________

NICKELS: __________

PENNIES: __________

TOTAL CASH: __________

(   ) TOKENS: __________

EXCESS CASH: __________

TOTAL REVENUE: __________

REGIONAL TRANSPORTATION AUTHORITY
DAILY CASH REPORT

DATE:________________

COMMUTER
ATE TRANSPORTATION

RTA SUPER INITIALS	BUS #	CASH	$	TOKEN	.50	TKT	CHECKS	DRIVER SIGNATURE	TIME
	101								
	102								
	103								
	104								
	105								
	106								
	107								
	108								
	TOTALS								

CASH $ ________________

BILLS ________________

TOKENS ((   ) X .45) ________________

HALVES ________________

CHECKS ________________

TOTAL CASH $ ________________

EXCESS FARES ________________

TOTAL REVENUE ________________

EXHIBIT B

Date: ____________

REPORT OF CASH RECEIPTS AND DEPOSITS

DEBITS

Pennies

$10 bags X ( ) = $ ________
$20 bags X ( ) = ________ $ ________

Nickels

$50 bags X ( ) = ________
$100 bags X ( ) = ________ ________

Dimes

$250 bags X ( ) = ________
$500 bags X ( ) = ________ ________

Quarters

$250 bags X ( ) = ________
$500 bags X ( ) = ________
$1,000 bags X ( ) = ________ ________

Halves

( ) X .50 = ________

Total Silver (total pick up) $ ________

Currency (bills) ________

Total Cash $ ________

Checks:

________ ________
________ ________
________ ________
________ ________ ________

Total Deposits (Debits) $ ________

CREDITS

Revenue For the Day $ ________

Excess Cash (from day before) ________

ATE:

________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________
________ ________

Overage or (Shortage) ________

Loose Tokens (( ) X .45) (________)

Rolls of Tokens (( ) X 15.75) (________)

Excess Cash (from today) (________)

Total Credits $ ________

OSIT | DATE PULLED MAY 1 8 1993

		M/B	Central	Flex	COINS	TOTAL	(HELD) ADDED	DEPOSIT
		77.70	87.25	2.24	PENNIES .01	167.19		167.19
		378.85	422.35	4.30	NICKLES .05	805.50		805.50
		933.30	994.00	13.30	DIMES .10	1940.60		1940.60
		3463.00	3822.25	42.00	QUARTERS .25	7327.25		7327.25
		15.00	15.00	Ø	HALVES .50	30.00		30.00
		0	0	Ø	DOLLARS 1.00	Ø		Ø
		4867.85	5340.85	61.84	TOTAL COIN	10270.54		10,270.54

					CURRENCY			
		824.00	907.00	13.00	$1.00	1744.00		1744.00
		Ø	Ø	Ø	$2.00	Ø		Ø
		30.00	Ø	Ø	$5.00	30.00		30.00
		Ø	Ø	Ø	$10.00	Ø		Ø
		20.00	Ø	Ø	$20.00	20.00		20.00
		Ø	Ø	Ø	MISC	Ø		Ø
		874.00	907.00	13.00	TOTAL CURRENCY	1794.00		1794.00
		Ø	Ø	Ø	CHECKS	Ø		Ø
		5741.85	6247.85	74.84	TOTAL DEPOSIT	12064.54		12,064.54

		0	0	Ø	SMALL TOKENS	Ø
		1068	821	24	NEW TOKENS	1913
		87	63	2	OLD TOKENS	152
		0	0	Ø	FOREIGN COIN	Ø
		18	21	0	BENT SLUGS	39

NAME Jackie Rickle

DATE: MAY 1 9 1993

PAGE ____________

RECAP OF DEPOSIT

DENOMINATION	TOTAL BAGS $	TOTAL BAGS BAGS	COMPLETE BAGS $	COMPLETE BAGS BAGS	PARTIAL BAGS $	PARTIAL BAGS BAGS
PENNIES .01	167.19	4	150.00	3	17.19	1
NICKELS .05	805.50	5	800.00	4	5.50	1
DIMES .10	1940.60	2	1000.00	1	940.60	1
QUARTERS .25	7327.25	8	7000.00	7	327.25	1
HALVES .50	30.00	1			30.00	1
DOLLARS 1.00	Ø					
MIXED	Ø					
CURRENCY	1794.00	1			1794.00	1
TOTAL	12,064.54	21		15		6

TEST COUNTS

SOURCE OR BUS #	$ AMOUNT	COMMENTS	SOURCE OR BUS #	$ AMOUNT	COMMENTS
M/MB	183	WorkerService			
"	1	DART			
"	1	Triad			
Central	205	WorkerService			
			TOTAL		

SIGNATURE Jackie Rickle DATE MAY 1 9 1993

SIGNATURE [illegible] DATE MAY 1 9 1993

Exhibit 1.4

Proposal to Contract Out the Cash Collection Function

COUNTING HOUSE
DETAIL SPECIFICATIONS

1. GENERAL REQUIREMENTS

1.1 Scope - Pace is the Suburban Bus Division of the Regional Transportation Authority. Pace provides public transportation in the six-county area of northeastern Illinois. This detailed specification is for the counting of farebox revenues collected from Pace routes. Under this Specification, the Contractor shall furnish the necessary personnel, material and equipment to receive the sealed consolidation bins containing monies, from the Armored Service designated by Pace, to count these monies and to remit a check(s) or deposit slip(s) equaling the value of the monies collected to Pace or a Pace designated recipient(s). Also, the Contractor shall have the emptied consolidation bins/vaults ready for pick-up by the Armored Service the next day.

2. SPECIAL CONDITIONS

2.1 Bidding Information - Contractor requiring additional information regarding pick-up locations, design of the revenue collection equipment, or the amounts of monies to be collected may secure such information by requesting same, in writing, from Edward Tobin, Section Manager, Purchasing at 550 W. Algonquin Road, Arlington Heights, Illinois 60005.

2.2 Duration of Contract - This Contract shall become effective on or about January 16, 1991, or as soon thereafter as the Contract is executed, and will continue in effect for a period of twenty-four (24) months. Pace may unilaterally extend the Contract for one or two additional years at the rate set forth on pages 9 and 10, as applicable, upon giving Contractor three (3) months written notice.

2.3 Invoicing - The Contractor shall submit an invoice for each month of service. When the Contractor submits an invoice to Accounts Payable for payment, the invoice must show a separate accounting of costs by location, resulting from the counting and processing of Pace coin, currency, and tokens at the rates quoted in the proposal portion of this contract. Payment to Contractor will be made within 30 days of the date that the invoice was received at Pace.

2.4 Employees of the Contractor - Pace reserves the right to require the removal of any particular employee or employees of the Contractor from the work covered by the contract if, in Pace's judgement, it would be in the best interest of the work that such employee or employees of the Contractor be removed therefrom. Any such request by Pace shall be immediately considered.

2.5 Extraneous Cost - Pace shall not be subject to any additional costs beyond those directly associated with the provision of services described herein. Specifically, additional costs, such as occasional excessive premise time fees, are prohibited.

2.6 Description of Revenue Collection Equipment - There are currently four types of revenue collection equipment used by Pace.

Type I Each location listed in Appendix C, with the exception of Pace South Division and Pace Southwest Division, will have a revenue vault(s) of the same design.

Revenue Vault, as used in this Specification, shall be considered a stationary steel unit with dimensions of approximately 67 inches tall, 39 inches wide and 36 inches deep, which weighs approximately 400 pounds empty. The revenue vault essentially consists of two parts. A cashbox receiver composes the top part of the vault. This electrical/mechanical device enables a cashbox to be opened such that the monies within it can flow, via gravity, into the consolidation bin enclosure below.

As part of this contract, the contractor shall be assigned keys to the Consolidation Bins. Neither personnel at the bus garages nor the contracted Armored Car have access to these keys.

Consolidation Bin, as used in this Specification, shall be considered a sealed steel box approximately 30 inches high, 25 inches wide and 32 inches in depth, with four (4) casters to hold approximately $15,000. Paper currency and coins shall remain segregated within the consolidation bin such that the bin will hold approximately $9,000 in mixed coins and $6,000 in paper currency.

Type II - Pace South and Southwest- Pace is currently participating in a demonstration program. The consolidation bins at these two carriers are of the same basic design but slightly larger. The dimensions are approximately thirty-six inches high, thirty inches wide and thirty-seven inches deep. Paper currency and coins shall remain segregated within the consolidation bin.

Type III - Each location listed in Appendix D under the heading "Contract Carriers" will have a farebox vault(s) of the same design, called "Pacemakers." Pacemaker Vault, as used in this Specification, shall be considered a square steel vault approximately 24 inches tall, 6 inches wide and 6 inches deep, which weighs approximately 8 pounds empty. Pacemakers hold approximately $350.00 in mixed revenue (bills and coins). Pacemaker(s) are required to be transported in a vault container made of wood to protect the Pacemaker(s). These containers are provided by Pace.

Vault Container as used in this Specification, shall be considered a 12-vault wooden container with steel casters with dimensions of approximately 24 inches long, 14 inches height, 17 inches wide and weighs approximately 35 pounds empty.

Type IV - The locations listed in Appendix D under the heading "Paratransit Carrier" will have circular vault(s). The Circular Vault(s) is a brass cylinder approximately two cubic feet in size.

2.7 Revenue Collected - Appendix E presents a list of approximate monthly revenue collections at current locations (Pace expects changes to this schedule.) It should be noted that transit revenues are subject to fluctuations over time, due to seasonal variations in demand, holiday, changes in the economy of the northeastern Illinois region, weather, and other factors.

2.8 Indemnification - Contractor shall indemnify, and hold harmless Pace, its agents, officials, employees, and carriers from and against all liabilities, injuries, losses, claims, suits, judgements, settlements, costs and expenses which result from the granting of this contract.

2.9 Contractor Insurance - Contractor shall assume total responsibility for loss of or damage to any Pace Equipment and all Pace revenues contained therein and shall maintain the required insurance as set forth in Appendix J.

The contractor's liability insurance policies shall name the following as additional insureds under same: Suburban Bus Division of the RTA DBA Pace, RTA and all Regular, Contract and Paratransit Carriers being serviced by the contractor.

Certificates of insurance evidencing the above shall be submitted to Pace and the contractor shall not commence work until he has submitted same and received Pace's approval.

The liability assumed by the contractor under the provisions of the indemnity clause contained in the contract is covered by the terms of the insurance policy.

Contractor's Policy is primary over any other insurance carried by Pace including self-insurance.

Contractor's Policy shall provide that, in the event the policies should be changed or cancelled, Pace shall be notified 30 days prior to the change or cancellation.

2.10 Auditing Rights - Pace and its designed representatives shall have immediate access to all Contractor's property and all records which relate to the performance of this Specification.

2.11 Contractor Liability with Respect to Keys - Pace shall provide the Contractor with an adequate number of keys for access to the farebox vaults and consolidation bins. The Contractor shall not duplicate any keys without the written permission of Pace. In the event that a key or keys are misplaced, damaged or lost, the Contractor shall notify Pace within twenty-four (24) hours. Upon request of Pace or its designed representative, Contractor shall account for all keys and present all keys for inspection, if so desired. In the event that the Contrator cannot account for all keys issued to it, Pace may replace or modify all locking devices for which that particular key(s) was intended, at the expense of the Contractor.

2.12 Security - Security over the monies, equipment and keys must be maintained in a limited-access secured area. Personnel entering or exiting the limited-access secured area shall be checked with metal detectors. An adequate number of moving cameras must be maintained to sufficiently cover the money removal and counting processes. Tapes from these cameras shall be maintained by the contractor for a period of two weeks and available to Pace upon request.

The apparent low bidder for this Contract is to arrange for a qualifying facility inspection by Pace staff, upon request by Pace, prior to any contract award to determine the adequacy of the Contractors provisions to meet these security requirements. Failure by the Contractor to furnish Pace sufficient and satisfactory evidence demonstrating the adequacy of his security plan shall be cause for rejection of the bid. Pace reserves the right to make the final determination that the Contractors facilities meet the requirements of this section of the specification.

3. DETAIL REQUIREMENTS

3.1 Description of Armored Car Deliveries/Pick-ups at Contractor's Location - The Contractor shall provide the necessary personnel, material and equipment to receive from the Armored Service all consolidation bins/vaults on

-4- the same day as the Armored Service pick-up from the garages. The Contractor shall provide the necessary personnel, material and equipment to be able return to the Armored Service all emptied consolidation bins/vaults delivered the day before to the Counting House. The Contractor shall provide this service from 8:00 a.m. to 4:30 p.m. each day, Monday through Saturday.

3.2 Description of Revenue Handling - The Contractor shall empty each consolidation bin/farebox vault and count the monies, in a properly secured area on its premises. Separate counts shall be made for each consolidation bin/farebox vault and recorded as such in the format as shown in Appendix I.

The Contractor shall provide, by location and consolidation bin, bin# or vault #, a record of the separate counts which will include totals of:

1. Pennies
2. Dimes
3. Nickels
4. Quarters
5. Half Dollars
6. Dollars (Coins)
7. Dollar Bills
8. CTA Tokens - Small
9. CTA Tokens - Large
10. $2-$5-$10 Bills, Etc.
11. Special Tokens

3.3 Description of CTA Token Handling - After the Contractor empties the consolidation bin/farebox vaults and records the separate counts (as stated in Section 3.2), the Contractor shall keep a daily record per carrier for all types of tokens counted. On a semi-monthly basis, the Contractor will recap the daily records and deliver this report, along with all other items, to the Armored Car Service. This recap report will be in the format as shown in Appendix F and have to be balanced with monthly service charges invoice. The tokens that the Contractor counts are considered to be small (1.6 CM) or large (2 CM) in diameter. The Contractor will, on a semi monthly basis, bag the tokens accordingly. The small tokens will be bagged in increments specified by Pace. The large tokens will be bagged in increments specified by Pace. The Contractor may group all tokens of the same size from all carriers together to reach the specified quantities.

The Contractor will label the bags as follows: To: CTA, Merchandise Mart, 7th Floor, Cashiers Office; From: Pace, 550 W. Algonquin Road, Arlington Heights. These bags will be delivered to the Armored Car Service around the 15th and the 30th of each month.

If the contractor receives tokens other than the CTA small or large, these tokens will be packaged, indicating the date and bin or vault number from which the tokens were taken. These packages, if any, will be delivered to the Armored Car Service along with the other items as stated in Section 3.6.

3.4 Schedule Service - The Contractor shall perform required services in compliance with the schedule presented in Appendix A and Appendix B and with the schedule of holidays in Appendix G. The Contractor shall accommodate any changes to these schedules. Pace anticipates changes to the regular pick-up schedule.

3.5 Method of Receipt Recording - The Contractor shall record the receipt of all consolidation bins/vaults by location and bin number. The Contractor shall furnish Pace with this detail (See Section 3.2) on a weekly basis with a check or deposit slip for the revenue (See Section 3.7). The Contractor will supply a listing of bins and vaults for delivery by the Armored Service. This list will include the date of delivery and identification number of each consolidation bin or number of vaults for each location.

3.6 Disposition of Items Other than U.S. Currency/Coins - All items removed from each consolidation bin or farebox vault other than negotiable U.S. currency and coins shall be packaged by the Contractor and delivered to the Armored Car Service on a weekly basis. A separate package, indicating the date on which the bin or vault was picked up and the bin or vault number, shall be prepared. Said items include, foreign coins, non-negotiable U.S. currency and all other miscellaneous items.

3.7 Remittance of Check(s), Deposit Slip(s) - The Contractor shall, within 48 hours of receiving a particular piece or pieces of equipment from a carrier, be prepared to provide to Pace or its designee (see Appendix H) a check, deposit slip or wire transfer equal to the total value of the monies removed from the equipment. Monies may be remitted as a daily total as long as the funds are broken down as described in Section 3.2. The check or deposit slip shall be given to the Armored Service or Pace designee for delivery. Failure to comply with this requirement makes the Contractor liable to a penalty equal to the daily interest on the delayed amount at the current IRS Rate + 2%.

4.0 PROPOSAL

For the Counting House Services Proposal, the Contractor shall quote individual rates for each of the first and second year of the 2 year contract. Also, the Contractor shall quote rates for the optional third and fourth year contracts.

The Contractor shall then bring forward the totals of each of the four years on the Proposal Recap Sheet.

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PRICE PROPOSAL FOR TWO YEAR CONTRACT

PROPOSAL FOR TWO-YEAR CONTRACT

1. First Year of the Two Year Contract

The Contractor shall quote a rate to be charged for counting and processing each $1,000 of currency, each $1,000 of coin and each 1000 tokens. These monies generated from Farebox receipts are approximately sixty (60%) percent currency and forty (40%) percent coin.

For the Purpose of this portion of the two-year contract, costs shall be calculated on the basis of anticipated annual revenue of $16,000,000 and 760,000 CTA tokens.

	Annual Projected Costs
a. Rate for processing and counting $1,000 in currency $______ x $9,600=	$__________
b. Rate for processing and counting $1,000 in mixed coin $______ x $6,400=	$__________
c. Rate for processing and counting 1000 CTA tokens $______ x 760	$__________
d. Total rate for processing and counting currency, mixed coin and tokens (a+b+c)	$__________

PRICE PROPOSAL FOR TWO YEAR CONTRACT

2. Second Year of the Two Year Contract

The Contractor shall quote a rate to be charged for counting and processing each $1,000 of currency, each $1,000 of coin and each 1000 tokens. These monies generated from Farebox receipts are approximately sixty (60%) percent currency and forty (40%) percent coin.

For the Purpose of this portion of the two-year contract, costs shall be calculated on the basis of anticipated annual revenue of $17,000,000 and 840,000 CTA tokens.

	Annual Projected Costs
a. Rate for processing and counting $1,000 in currency $______ x $10,200=	$__________
b. Rate for processing and counting $1,000 in mixed coin $______ x $6,800=	$__________
c. Rate for processing and counting 1000 CTA tokens $______ x 840	$__________
d. Total rate for processing and counting currency, mixed coin and tokens (a+b+c)	$__________

PRICE PROPOSAL OPTION

3. Proposal for Third Year Option

The Contractor shall quote a rate to be charged for counting and processing each $1,000 of currency, each $1,000 of coin and each 1000 tokens. These monies generated from Farebox receipts are approximately sixty (60%) percent currency and forty (40%) percent coin.

For the Purpose of this portion of the two-year contract, costs shall be calculated on the basis of anticipated annual revenue of $18,000,000 and 920,000 CTA tokens.

	Annual Projected Costs
a. Rate for processing and counting $1,000 in currency $______ x $10,800=	$__________
b. Rate for processing and counting $1,000 in mixed coin $______ x $7,200=	$__________
c. Rate for processing and counting 1000 CTA tokens $______ x 920	$__________
d. Total rate for processing and counting currency, mixed coin and tokens (a+b+c)	$__________

PRICE PROPOSAL OPTION

4. Proposal for Fourth Year Option

The Contractor shall quote a rate to be charged for counting and processing each $1,000 of currency, each $1,000 of coin and each 1000 tokens. These monies generated from Farebox receipts are approximately sixty (60%) percent currency and forty (40%) percent coin.

For the Purpose of this portion of the two-year contract, costs shall be calculated on the basis of anticipated annual revenue of $19,000,000 and 1,012,000 CTA tokens.

	Annual Projected Costs
a. Rate for processing and counting $1,000 in currency $______ x $11,400=	$__________
b. Rate for processing and counting $1,000 in mixed coin $______ x $7,600=	$__________
c. Rate for processing and counting 1000 CTA tokens $______ x 1,012	$__________
d. Total rate for processing and counting currency, mixed coin and tokens (a+b+c)	$__________

PROPOSAL RECAP SHEET

1.	Annualized Projected Cost 1st Year Total	$________	
2.	Annualized Projected Cost 2nd Year Total	$________	
	Grand Total 2-Year Cost		$________
3.	Annualized Projected Cost 3rd Year Total		$________
4.	Annualized Projected Cost 4th Year Total		$________

PROPOSAL RECAP SHEET

1. Annualized Projected Cost
   1st Year Total $__________

2. Annualized Projected Cost
   2nd Year Total $__________

   Grand Total 2-Year Cost $__________

3. Annualized Projected Cost
   3rd Year Total $__________

4. Annualized Projected Cost
   4th Year Total $__________

Appendix A
Pick Up Schedule
By Carrier

Carrier Name	Days of Pick Up	# of Bins
Pace Fox Valley	T & F	1
Nortran	M,T,W,TH,F	3
Elgin	T & F	1
Highland Park	T	1
Pace Heritage	T & F	1
Pace Southwest	M,W,F	1
Pace West	M,T,W,TH,F,S	2
Pace South	M,T,W,TH,F,S	2
Pace North	T & TH	1
Village of Wilmette	F	1
		Number of Fareboxes
Valley Transit	F	2
Kickert Bus Lines	M	4
Ryder Transp.	F	12
DuPage, Westmont	T & F	20
DuPage, Glen Ellyn	W & F	39
Illinois School Bus	T	1
C.W. Transportation	T & F	13
DuPage, Eola	F	20
LakeView, Chicago	T & F	4
Keeshin, Chicago	T & F	4
Robinson, Chicago	T & TH	5
VanDerAA, Crete	W	2
Crosstowns, Glen Ellyn	W	2
Robinson Coach, Evanston	T & TH	10
Robinson Coach, Posen	W	8
VanDer AA-So. Holland	W	3
DuPage Glen-Ellyn	W & F	7
DAR Systems, Crystal Lake	T & F	20
DuPage, Naperville	F	3
Valley Transit, Maywood	M	4
Crawford, Lockport	T & F	12

Appendix B
Pick Up Schedule
Pieces By Day of Week

	M	T	W	TH	F	S
Pace Fox Valley		1			1	
Nortran	3	3	3	3	3	
Elgin		1			1	
Highland Park		1				
Pace Heritage		1			1	
Pace Southwest	1		1		1	
Pace West	2	2	2	2	2	2
Pace South	2	2	2	2	2	2
Pace North		1		1		
Village of Wilmette					1	
Total Bins/Day	8	12	8	8	12	4
Valley Transit					2	
Kickert Bus Lines	4					
Ryder Transp.					12	
DuPage, Westmont		20			20	
DuPage, Glen Ellyn		39		39		
Illinois School Bus		1				
C.W. Transportation		13			13	
DuPage, Plainfield					20	
LakeView, Chicago		4			4	
Keeshin, Chicago		4			4	
Robinson, Chicago		5			5	
VanDerAA, Crete			2			
Crosstowns, Glen Ellyn			2			
VanDerAA South Holland			3			
Robinson Coach, Skokie		10		10		
Robinson Coach, Posen			8			
*Total Pacemakers/Day	4	96	15	49	80	
DuPage Glen Ellyn			7		7	
DAR Systems, Crystal Lake		20			20	
DuPage, Naperville					3	
Valley Trans, Maywood	4					
Crawford, Lockport		12			12	
Total Cylinders/Day	4	34	7	0	42	
GRAND TOTAL PIECES	16	155	27	50	134	4

*NOTE: THE PACEMAKERS ARE HELD IN VAULT CONTAINERS MENTIONED IN 2.6, THE AMOUNTS LISTED HERE ARE NUMBER OF VAULTS. THERE WILL BE A MINIMUM OF ONE VAULT PER CARRIER, TWELVE VAULTS PER CONTAINER.

APPENDIX C
LOCATION OF GARAGES

Regular Carriers

(1) Pace Fox Valley Division
659 S. River
Aurora, IL. 60507

(2) Elgin Dept. of Transportation
573 N. Crystal
Elgin, IL. 60120

(3) City of Highland Park
1150 Half Day Road
Highland Park, IL. 60035

(4) Pace Heritage Division
9 Osgood Street
Joliet, IL. 60433

(5) NORTRAN
900 E. Northwest Highway
Des Plaines, IL. 60017

(6) Pace South Division
2101 W. 163rd Pl.
Markham, IL. 60426

(7) Pace Southwest Division
5800 W. 95th Street
Oak Lawn, IL. 60453

(8) Pace West Division
3500 W. Lake Street
Melrose Park, IL. 60629

(9) Village of Wilmette
711 Laramie Avenue
Wilmette, IL. 60091

(10) Pace North Division
1400 W. 10th Street
Waukegan, IL. 60085

APPENDIX D
LOCATION OF GARAGES

Contract Carriers

(1) DuPage Motor Coach
250 W. 63rd Street
Westmont, IL. 60559

(2) DuPage Motor Coach
At New York St. & Bola Rd.
Bola, IL. 60519

(3) Ryder Student Transp.
2800 Old Willow Road
Northbrook, IL. 60062

(4) Lakeview
900 Blackhawk St.
Chicago, IL. 60622

(5) Keeshin Charter Service
615 West 41st Street
Chicago, IL. 60609

(6) Robinson Bus Service
2216 Ashland Ave
Evanston, IL. 60204

(7) Robinson Bus Service

(9) Valley Transit
6110 E. Avenue
Hodgkins, IL. 60525

(10) Van Der AA
16951 South State St
South Holland, IL.

(11) DuPage Motor Coach
Poss & Western
Glen Ellyn, IL. 60137

(12) Kickert Bus Lines
203rd & Torrence Avenue
Lynwood, IL. 60411

(13) Illinois School Bus
13939 South Cicero St.
Crestwood, IL.

(14) CW Transport
170 Old Higgins Road
Des Plaines, IL. 60017

(15) Crosstown Services

4716 Division Street
Chicago, IL 60651

(8) Robinson Bus Service
14840 S. Dixie Hwy
Posen, IL 60469

324 Roosevelt Rd
Glen Ellyn, IL 60137

(16) Van Der AA-Crete
(Picked up at Van Der AA
South Holland)

PARATRANSIT CARRIERS

(1) DuPage Mtr Coach
(Also Contract)
Poss & Western
Wheaton, IL. 60187

(2) Valley Transit
1301 Greenwood
Maywood, IL 60153

(3) Crawford Bus Company
18962 Airport Road
Lockport, IL

(4) DAR Systems
1 Lou Drive
Crystal Lake, IL 60014

(5) DuPage-Naperville
Naperville Rt 59
9714 S. Rte 59
Naperville, IL 60564

APPENDIX E
FAREBOX REVENUES

Regular Carriers	Monthly Average
Aurora Transit System	$ 34,000
Elgin Dept. of Transportation	42,000
City of Highland Park	11,000
Joliet Mass Transit District	41,000
North Suburban Mass Transit District	264,000
Pace South Division	220,000
Pace Southwest Division	72,000
Pace West Division	291,000
Village of Wilmette	26,000
Pace North Division	52,000

Contract Carriers	
DuPage Motor Coach - Westmont	$ 20,800
DuPage Motor Coach - Eola	13,200
Ryder Student Transportation	4,000
Lakeview	6,200
Keeshin Charter Service	7,500
Robinson Bus Service-Evanston	10,000
Robinson Bus Service-Chicago	7,000
Robinson Bus Service-Posen	1,000

Valley Transit - Hodgkins	1,200
DuPage - Glen Ellyn	25,000
Kickert Bus Lines	2,600
Illinois School Bus	1,300
CW Transport	4,900
Van Der AA	1,000
Crosstown Services	500

Paratransit Carriers

DuPage Glen Ellyn	$ 4,700
DAR Systems	10,000
Crawford Bus	4,000
Valley Transit	2,500
DuPage Motor Coach-Naperville	1,700

APPENDIX F
PACE
WEEKLY CTA TOKEN COUNT
FOR THE WEEK ENDING ________

CARRIER	TOKENS COUNTED SMALL	TOKENS COUNTED LARGE
Pace Fox Valley Division	____	____
NORTRAN	____	____
Elgin	____	____
Highland Park	____	____
Pace Heritage Division	____	____
Pace Southwest Division	____	____
Pace West Division	____	____
Pace South Division	____	____
Pace North Division	____	____
Wilmette	____	____
TOTAL	____	____

CONTRACT CARRIER		
Illinois School Bus	____	____
CW Transport	____	____
DuPage - Glen Ellyn	____	____
Valley Transit - Hodgkins	____	____
Kickert	____	____
DuPage - EOLA	____	____
Lakeview	____	____
Ryder	____	____
Keeshin	____	____
DuPage - Westmont	____	____
Robinson-Chicago	____	____
Robinson-Evanston	____	____

Robinson-Posen		
Van Der AA Crete		
Van Der AA So. Holland		
CrossTowns		
TOTAL		
GRAND TOTAL		
Plus Previous Balance	--------	--------
Less Shipped to CTA		
Remaining Balance		

APPENDIX G

Pace will observe the following Holidays:

New Year Day

Memorial Day

Independence Day

Labor Day

Thanksgiving Day

Christmas Day

APPENDIX H

REGULAR CARRIERS	CHECK PAYABLE TO:
Pace Fox Valley Division	Pace Suburban Bus Service
NORTRAN	Pace Suburban Bus Service
Elgin Dept. of Transportation	Pace Suburban Bus Service
City of Highland Park	Pace Suburban Bus Service
Pace Heritage Division	Pace Suburban Bus Service
Pace Southwest Division	Pace Suburban Bus Service
Pace West Division	Pace Suburban Bus Service
Pace South Division	Pace Suburban Bus Service

Pace North Division	Pace Suburban Bus Service
Village of Wilmette	Pace Suburban Bus Service

CONTRACT CARRIERS	CHECK PAYABLE TO:
Valley Transit	Pace Suburban Bus Service
Kickert Bus Lines	Pace Suburban Bus Service
Ryder Student Transp.	Pace Suburban Bus Service
DuPage Motor Coach - Westmont	Pace Suburban Bus Service
DuPage Motor Coach - Glen Ellyn	Pace Suburban Bus Service
Illinois School Bus	Pace Suburban Bus Service
C.W. Transportation	Pace Suburban Bus Service
DuPage Motor Coach - Eola	Pace Suburban Bus Service
Lakeview	Pace Suburban Bus Service
Keeshin Charter Service	Pace Suburban Bus Service
Robinson Bus Service-Evanston	Pace Suburban Bus Service
Robinson Bus Service-Chicago	Pace Suburban Bus Service
Robinson Bus Service-Posen	Pace Suburban Bus Service
Van Der AA-South Holland	Pace Suburban Bus Service
Van Der AA-Crete	Pace Suburban Bus Service
Crosstowns	Pace Suburban Bus Service

PARATRANSIT CARRIERS	CHECK PAYABLE TO:
DuPage Motor Coach-Glen Ellyn	Village of Schaumburg 101 Schaumburg Court Schaumburg, IL. 60193 Attn: Mr. Tom Dabareiner
DAR Systems	DAR Systems 1 Lou Drive Crystal Lake, IL. 60014 Attn: Mr. Frank Divita
DuPage Motor Coach-Eola Valley Transit	VanCom One River Place South Holland, IL 60473
Crawford Bus Service	Crawford Bus Service

Exhibit 1.5

Farebox and Pass Revenue Summary

1-35

1992 FAREBOX AND PASS REVENUE SUMMARY

	1991	1992	INCREASE (DECREASE)	% DIFF.
FAREBOX REVENUE	$15,980,673	$16,834,416	$853,743	5%
TOKENS REVENUE	$1,862,514	$1,410,579	($451,935)	-24%
MONTHLY PASS REVENUE	$1,528,911	$1,484,031	($44,880)	-3%
WEEKLY PASS REVENUE	$0	$1,022,520	$1,022,520	100%
TEN RIDE TKS. REVENUE	$491,521	$775,112	$283,591	58%
SPECIAL SERV. TKS. REV.	$0	$54,135	$54,135	100%
LINK-UP PASS REVENUE	$899,316	$1,175,745	$276,429	31%
	$20,762,935	$22,756,538	$1,993,603	10%
INCREASE IN FAREBOX REVENUE & CTA TOKENS			$401,808	2%
INCREASE IN TICKETS REVENUE			1,591,795	55%

Niles and Melrose Pk. farebox revenue and rt. 835 tickets revenue is not included.

Exhibit 1.6

Monthly Ticket Sales Activity

PACE
MONTHLY TICKET SALES ACTIVITY

1990	PACE	JEWEL	PASSPORT REVENUE	LINK-UP	LINK-UP REVENUE (40%)	TEN RIDE	TEN RIDE REVENUE	GRAND TOTAL REVENUE
JANUARY	725	1685	$94,909.00	3968	$78,566.40	5845	$41,483.65	$214,959.05
FEBRUARY	800	1619	95,764.00	3891	77,041.80	4237	31,441.36	$204,247.16
MARCH	791	1641	95,449.00	3847	76,170.60	5444	39,979.05	$211,598.65
APRIL	773	1601	97,447.50	3662	72,507.60	6322	43,408.70	$213,363.80
MAY	869	2542	130,045.00	3624	71,755.20	4253	35,106.55	$236,906.75
JUNE	837	2351	121,350.00	3402	67,359.60	4209	31,599.10	$220,308.70
JULY	767	2420	122,048.00	3280	64,944.00	4545	35,665.65	$222,657.65
AUGUST	820	2256	117,559.00	3307	65,478.60	5218	36,226.60	$219,264.20
SEPTEMBER	877	2553	131,850.00	3312	65,577.60	6752	44,887.95	$242,315.55
OCTOBER	937	2596	136,810.00	3835	75,933.00	6501	46,266.25	$259,009.25
NOVEMBER	924	2496	132,373.50	3816	75,556.80	6908	45,761.45	$253,691.75
DECEMBER	850	2276	120,078.00	3556	70,408.80	3270	25,482.20	$215,969.00
	9,970	26,126	$1,395,683.00	43,500	$861,300.00	63,504	$457,308.51	$2,714,291.51

1991	PACE	ILL ARMORED	JEWEL	PASSPORT REVENUE	LINK-UP	LINK-UP REVENUE (40%)	TEN RIDE	TEN RIDE REVENUE	GRAND TOTAL REVENUE
JANUARY	845		2457	$127,550.00	4071	$80,605.80	5396	$42,655.40	$250,811.20
FEBRUARY	911		2374	127,057.50	4006	79,318.80	5933	43,299.10	$249,675.40
MARCH	914		2441	129,590.00	3978	78,764.40	4812	36,694.20	$245,048.60
APRIL	941		2503	132,990.00	3901	77,239.80	6141	45,301.60	$255,531.40
MAY	871		2414	126,931.00	3762	74,487.60	6282	42,171.60	$243,590.20
JUNE	833		2350	122,492.00	3512	69,537.60	5044	37,235.25	$229,264.85
JULY	853		2218	117,980.00	3352	66,369.60	4144	30,787.15	$215,136.75
AUGUST	771	118	2075	113,674.90	3497	69,240.60	7164	47,227.25	$230,142.75
SEPTEMBER	840	157	2557	137,902.60	3690	73,062.00	6259	41,430.25	$252,394.85
OCTOBER	904	227	2418	138,160.40	3914	77,497.20	5880	40,888.75	$256,546.35
NOVEMBER	882	256	2348	135,367.20	4035	79,893.00	10113	59,804.00	$275,064.20
DECEMBER	723	232	2151	119,215.30	3702	73,299.60	4203	27,106.00	$219,620.90
	10,288	990	28,306	$1,528,910.90	45,420	$899,316.00	71,371	$494,600.55	$2,922,827.45

	MONTHLY						WEEKLY						
1992	PACE	ILL ARMORED	JEWEL	PASSPORT REVENUE	LINK-UP	LINK-UP REVENUE (40%)	PACE	ILL ARMORED	JEWEL	TOTAL REVENUE	TEN RIDE	TEN RIDE REVENUE	GRAND TOTAL REVENUE
JANUARY	803	221	2427	$175,307.40	4613	$91,337.40	168	1009	4643	$84,756.60	8728	$69,000.75	$420,402.15
FEBRUARY	953	243	2266	174,935.00	4904	97,099.20	171	1598	4578	92,410.80	6465	54,263.85	$418,708.85
MARCH	844	189	2163	158,979.70	5005	99,099.00	183	1844	6140	118,912.20	7051	59,109.75	$436,100.65
APRIL	808	153	1955	143,934.40	4821	95,455.80	155	1704	5096	101,265.00	6900	58,196.90	$398,852.10
MAY	781	123	1722	125,931.40	4539	89,872.20	173	1768	6262	119,431.50	8268	65,586.80	$400,821.90
JUNE	743	107	1749	124,336.80	4555	90,189.00	143	1652	5550	106,934.10	6333	54,812.00	$376,271.90
JULY	705	103	1556	112,032.10	4538	89,852.40	172	1572	5413	104,211.75	6249	60,500.50	$366,596.75
AUGUST	655	101	1535	107,555.50	4500	89,100.00	149	1841	5500	109,046.55	7485	62,459.50	$368,161.55
SEPTEMBER	753	124	1645	97,221.10	5053	100,346.60	112	1383	3911	62,489.70	9683	77,534.80	$337,592.20
OCTOBER	790	119	1557	94,752.00	5594	110,762.20	61	994	2935	46,111.95	9194	73,469.65	$325,095.80
NOVEMBER	761	106	1489	89,851.80	6124	121,255.20	91	879	2537	40,546.80	9068	74,737.25	$326,391.05
DECEMBER	823	94	1219	79,194.00	5120	101,376.00	72	742	2335	36,403.35	7407	65,439.85	$282,413.20
	9,419	1,683	21,283	$1,484,031.20	59,366	$1,175,745.00	1650	16986	55053	$1,022,520.30	92,831	$775,111.60	$4,457,408.10

Exhibit 1.7

Monthly Bus Pass Sales Comparison Report

MONTH: APRIL

BUS PASS SALES COMPARISON REPORT

PASSES SOLD:	1993		1992		93-92 % CHANGE	1992 - 1993 FISCAL YEAR TO DATE		1991 - 1992 FISCAL YEAR TO DATE		FISCAL YEAR % CHANGE
BUS PASS TYPE	#	$	#	$	#	#	$	#	$	#
REGULAR MONTHLY	512	19.982.00	1056	29.952.00	-52%	6353	226.228.00	9628	277.164.00	-34%
STUDENT MONTHLY	436	13.080.00	0	.00	43600%	3579	106.444.00	0	.00	357900%
DISCOUNT MONTHLY	878	12.292.00	840	8.400.00	5%	8460	109.268.00	7844	78.440.00	8%
REGULAR 5 DAY	63	945.00	609	6.090.00	-90%	2497	30.535.00	5347	53.470.00	-53%
DISCOUNT 5 DAY	463	2.315.00	875	2.625.00	-47%	7075	27.661.00	8181	24,543.00	-14%
HWY 17 EXPRESS	37	2.405.00	38	2.470.00	-3%	391	25.415.00	404	26.260.00	-3%
REGULAR ANNUAL	0	.00	0	.00	0%	2	650.00	3	975.00	-33%
DISCOUNT ANNUAL	0	.00	0	.00	0%	13	1.300.00	20	2.000.00	-35%
ONE DAY PASS	286	738.00	2780	4.480.00	-90%	20613	42.553.20	22921	36.880.00	-10%
SCHOOL FIELD TRIP	4	68.00	6	102.00	-33%	61	1.037.00	12	204.00	408%
TOTALS $		51.825.00		54.119.00			571.091.20		499.936.00	

REVENUE:	1993		1992		93-92 % CHANGE	1992 - 1993 FISCAL YEAR TO DATE		1991 - 1992 FISCAL YEAR TO DATE		FISCAL YEAR % CHANGE
INFO BOOTH SALES	$	19,948.00	$	18.234.00	9%	$	205.257.00	$	192.536.00	7%
AGENT SALES	$	19.079.00	$	19.872.00	-4%	$	210.466.00	$	182.909.00	15%
NON-AGENT SALES	$	12.798.00	$	16.013.00	-20%	$	155.368.20	$	124.491.00	25%
TOTALS	$	51.825.00	$	54.119.00	-4%	$	571,091.20	$	499.936.00	14%

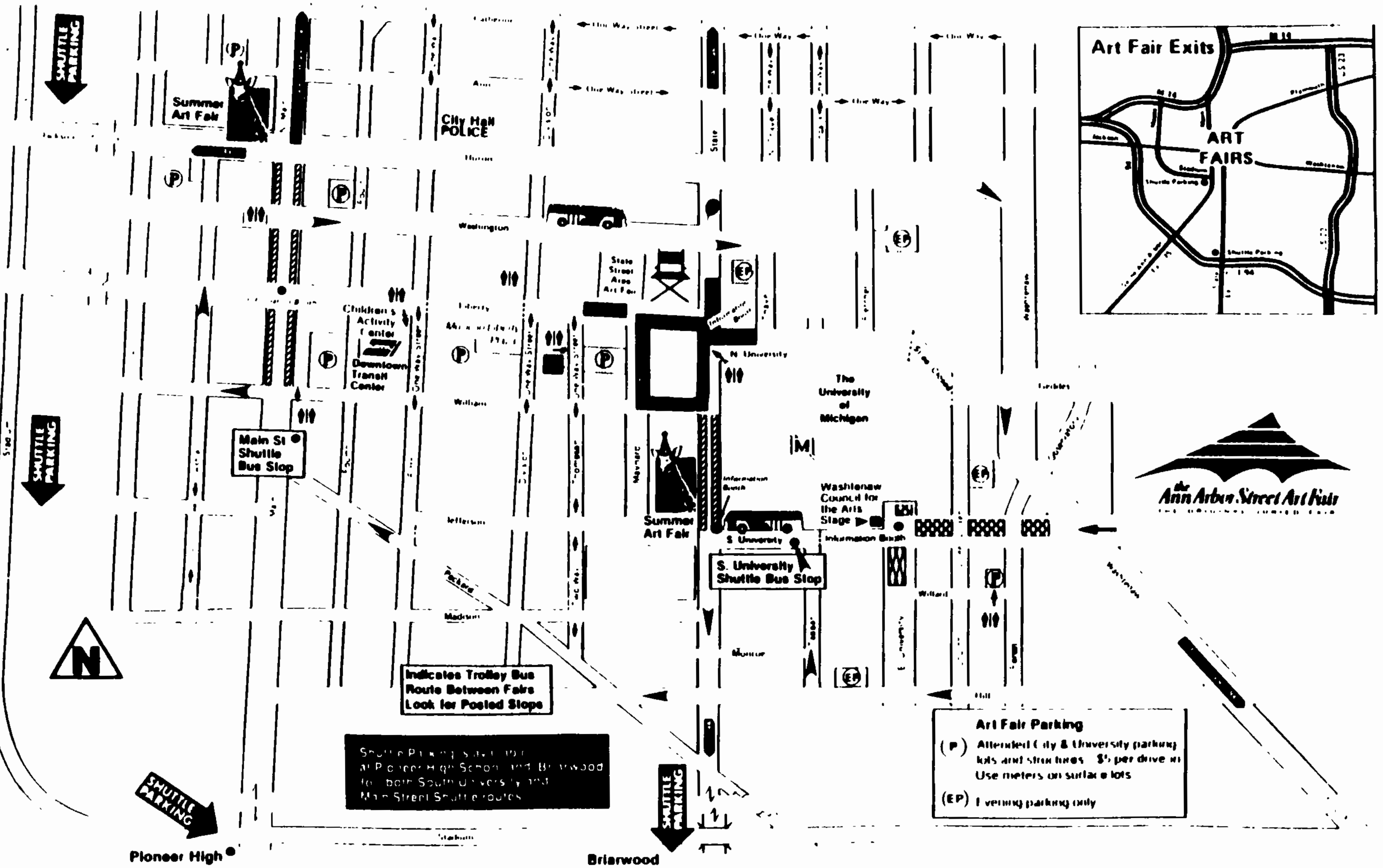
Exhibit 1.8

Shuttle and Trolley Bus Routes for Special Event

1990 Street Fair Locations & AATA Shuttle and Trolley Bus Routes

July 18, 19, 20, 21

Shuttle Bus Hours of Operation.
Wednesday Friday, 9 am 10 pm. Saturday, 9am 7pm
Shuttle Bus Round Trip Fare $2.00
Fair Trolley Per Ride 50¢ (Free if you ride the Shuttle)
For all city bus route information call 996-0400
Art Fair Hours: Wednesday Friday 9am 9pm
Saturday 9am 5pm



1990 ANN ARBOR ART FAIRS

Three Juried Art Fairs in Downtown Ann Arbor

Contemporary American Art from Across the Nation

July 18-21
Wed. - Fri. 9 9
Sat. 9-5

The Ann Arbor Street Art Fair

The Summer Art Fair

The Ann Arbor Street Art Fair, the original juried fair on South and East University Avenues, is proud to celebrate its 31st year. The Street Art Fair is nationally recognized as a high quality fair of fine arts and crafts. Jurors have chosen over 200 outstanding artists from 30 states for this 31st fair. At the fair, look for red award ribbons which mark the booths of artists who have received special honors. The Street Art Fair schedules artist demonstrations in many different media, including photography, watercolor, clay and printmaking. The Washtenaw Council for the Arts programs continuous performances at the stage on South and East University Avenues. Also featured in the fair are the Ann Arbor Potters Guild, the Senior Citizens Guild and a supervised Children's Activities Booth programmed and staffed by the Ann Arbor Y.

Address: P O Box 1352, Ann Arbor, MI 48106

The State Street Area Art Fair, a juried fair now in its 23rd year, is centrally located on Maynard, Liberty, Thompson, William and North University, in the heart of the State Street shopping district. This fair features over 200 of the nation's most outstanding artists representing a variety of media including, painting, ceramics, photography, fiber, glass, jewelry, and other crafts. The Ann Arbor Fiberarts Guild will be returning this year to its location at the intersection of State and William. The State Street area, in addition to its high quality shopping, boasts a variety of restaurants and places of entertainment for all ages. Liberty Plaza, at the corner of Liberty and Division Streets, will once again be the site of outdoor musical performances scheduled daily throughout all four days of the fair.

Address: P O Box 4128, Ann Arbor, MI 48106

The Summer Art Fair, sponsored by the Michigan Guild of Artists and Artisans, features the work of 540 artists at three locations: State Street from William to South University; Main Street from Huron to William; Liberty Street from Ashley to Fifth. The Summer Art Fair, in its 20th year, showcases the work of nationally known and emerging artists specializing in contemporary American arts and crafts. Art patrons can relax at the outdoor cafes and indoor restaurants or browse the many unique shops in the Main Street area. Children of all ages will enjoy creating their own work of art at the Imagination Station. A complimentary national or international phone call is available at the AT&T booths and mainstage will present concerts to please a variety of musical tastes.

Address: 118 N Fourth Ave., Ann Arbor, MI 48104

The City of Ann Arbor offers many cultural and recreational opportunities for visitors. Various dramatic, dance and musical performances are put on by the civic, University and private groups throughout the summer. The city also has fine museums, libraries, bookstores, shops, restaurants, theaters, parks, the Farmer's Market and Matthei Botanical Gardens to visit.

The Ann Arbor Conference and Visitors Bureau, located downtown at 211 E Huron, Suite 6, has information, maps and brochures available on area events, accommodations, restaurants and churches.

The University of Michigan is one of the nation's leading educational institutions. Visitors enjoy walking through Central Campus, the Law Quad and Nichols Arboretum.

The Washtenaw Council for the Arts (WCA) is a nonprofit service arts organization serving arts organizations and people of Washtenaw County. The WCA schedules and manages all four stage sites for the Art Fair and the nonprofit booths.

For handicapped accessible information call 996-0400

Important Phone Numbers

Ann Arbor Chamber of Commerce	665-4433
Ann Arbor Conference & Visitors Bureau	995-7281
Ann Arbor Street Art Fair	994-5260
State Street Art Fair	663-6511
Summer Art Fair-Michigan Guild	662-3382
Washtenaw Council for the Arts	996-2777
University of Michigan Information	764-1817
UM News Briefs (Daily Calendar of Events)	763-1300
Ann Arbor Transportation Authority	996-0400
Emergency - Fire - Police	**911**
Poison Information Center	764-7667
St. Joseph Mercy Hospital Emergency	572-3000
UM Hospital Emergency	764-5102

AATA Art Fair Shuttle & Trolley Information

Ann Arbor Transportation Authority (AATA) Shuttle and Trolley Bus service is provided during the week of the Art Fair. Fair goers are encouraged to park their cars at Briarwood Mall or Pioneer High School, where there is free parking, and take the AATA Shuttle Bus to the Fairs. There will be signs on the highways that service Ann Arbor directing visitors to the shuttle parking lots.

Main Street Shuttle
Destination: Main & William to the Summer Art Fair

South University Shuttle
Destination: State & Tappan to the Street Art Fair and State Street Area Art Fair

Art Fair Trolley
Operation between all three Fairs. Trolley map inside.

Hours of Shuttle and Trolley Service

Wednesday - Friday	9:00 a.m. - 10:00 p.m.
Saturday	9:00 a.m. - 7:00 p.m.

Fares

Shuttle Bus	$2, children 7 or under free
Trolley	Free to Shuttle Bus passengers or 50¢ for others.

Limited Visitor Parking
[illegible]

2. INVESTMENTS

The investment policies for transit agencies encourage the preservation of capital, the liquidity of funds consistent with cash requirements, and the attainment of the highest possible return taking into account risk and cash flow needs. Transit agencies have limited investment opportunities due to statutory requirements imposed at the state and local levels. This section is organized under the following major topic headings:

- Types of Investments
- Daily Investment Practices
- Investment Reports
- Case Study: Manage and Enhance the Investment Function
- Innovative Financing Mechanisms

Types of Investments

A major investment product is repurchase agreements which may be invested with local banks at rates competitive to investment houses in New York City. Investing locally provides an additional safekeeping feature for the securities. Certificates of deposit (CDs) also are frequently used as investments. CDs may be bought at a value below $100,000 guaranteeing principal and subsequent interest earnings up to the $100,000 federal insurance limit.

Transit agencies are able to place CDs with various banks throughout the service area. This is one way to spread business to banks throughout the service area, providing that the transit agency can place the CDs at competitive rates. The safekeeping receipt for CDs are maintained on transit agency property.

Ideally, transit agencies maintain an investment portfolio to serve two separate functions: an investment portfolio and a primary liquidity portfolio.

The investment portfolio contains funds that are not needed to meet current operating expenditures. The investments should provide a stable source of income. The investment portfolio includes any of the investment instruments allowed by the investment policy.

The primary liquidity portfolio is maintained as a working capital fund. Investments consist of high-quality securities readily convertible to cash with minimal risk of loss of principal. The primary liquidity portfolio should not fall below a specified dollar value. The portfolio is directed to the following highly liquid instruments:

- Money market savings
- Repurchase agreements maturing in less than two weeks
- US treasury bills maturing in less than two weeks
- Pooled funds, usually managed by the State Treasurer

The maturities of investments vary by transit agency, and are specified by statute or board policy. Some impose a highly restrictive policy (one to two year maturities) while those agencies with more funds to invest generally have more liberal policies (five year maturities). This is important in reference to the behavior of the yield curve. During the early 1990's there has been a widening spread between long term and short term investments. By moving funds into longer term investments a transit agency is able to follow the yield curve up, improving interest earnings. This is especially relevant in the recent market where interest rates on short-term investments settled at a 21 year low.

Maturity dates of investments are scheduled to provide revolving flow of funds. This is critical toward satisfying recurring expenditures, e.g. payroll, and large planned expenditures, such as bus purchases.

The person in charge of the investment function, generally located in the Finance Department, preserves acceptable levels of collateral and performs record keeping functions. The collateral requirements for repurchase agreements has a market value of a least 102% of the repurchase agreement. The collateral for certificates of deposit has a market value of at least 105% of the face value of the certificate less any federal deposit insurance coverage.

The Board of Directors should review the investment policy every year. At the time of this review, the Finance Department submits a cash flow forecast and investment strategy recommendation. The Finance Department reports the progress of the investment strategy and current investments to the Board upon request.

Securities should be purchased through primary dealers or pre-approved banks. The head of the Finance Department approves security dealers and banks before conducting business. Factors affecting selection are financial stability, credit characteristics, financial history, interest rates, and location. Preference is given to dealers/banks located in the service area. Transit agencies with large blocks of investment funds for securities purchases or sales may solicit competitive bids by at least three dealers and/or banks. Transit agencies with large blocks of investment funds should conduct business with three to four brokers on a regular basis. This practice promotes competition and creates exposure to investment products.

Exhibit 2.1 (page 2-1) describes an Investment Policy with a Simple Structure. Exhibit 2.2 (page 2-5) shows an example of an Investment Policy Linked to State Statute. Exhibit 2.3 (page 2-14) shows an example of an Aggressive Investment Policy which features longer maturity limits for securities and recognizes the function of trading.

Daily Investment Practices

Investments follow the criteria of 1) safety, 2) liquidity, and 3) yield, in that order. Transit agencies need quick turnover of investments to meet expenses on an as needed basis, without penalties. Investments are scheduled to mature in accordance with current major expenditures. For example, transit agencies are required to set aside funds for payroll and payroll taxes to be paid on a periodic basis, e.g. every two weeks, therefore some investments are scheduled to mature to meet these recurring expenditures. Repurchase agreements may be used to meet daily operating expenditure needs. In banking relationships, which include short-term investments in repurchase agreements, the Finance Department receives a daily balance report every morning indicating what checks have been presented for payment. The proceeds from the repurchase agreement are used to pay the checks. Alternatively, funds may be invested overnight with the bank at the federal funds rate. The transaction cost for this type of investment frequently absorbs a portion of these earnings, in which case, placing available funds in repurchase agreements is preferred or funds can be used as compensating balances to pay for bank services.

An investment product available to many transit agencies is an investment pool. These pooled funds are frequently administered at the state level within the State Treasurer's office. These pooled funds offer daily liquidity at a rate above the 13 week treasury bill rate.

Exhibit 2.4 (page 2-21) shows an example of the Investment Activity for a State Pooled Fund.

Investment Reports

The Investment Inventory report is a monthly report depicting the investment inventory. Each investment is listed by account name, account number, interest rate, purchase date, maturity date, and the investment amount at the end of the previous year. This report is used to anticipate maturities for reinvestment of certificates of deposit and it also provides information on the geographical placement of investments. In cases where the transit agency attempts to place a certificate of deposit in at least one bank in each jurisdiction in the service area, this report is used to track the geographic placement of certificates of deposit. Exhibit 2.5 (page 2-23) presents an example of an Investment Inventory Report.

The Portfolio Summary report lists the value of the total portfolio, the total interest, the daily interest rate and a monthly total. This report enables agencies to monitor the performance of the investment portfolio, particularly the interest rate. The target interest rate for the portfolio is to outperform the 91 day treasury bill yield. Exhibit 2.6 (page 2-27) provides an example of a Portfolio Summary Report.

An investment database can be maintained to track the following information:

- Bank information
- Investment types
- Investment quotes
- Investment transactions
- Daily bank/book balances
- Collateral status

A variety of reports are used to monitor the investment function:

- Investment cash status report
- Schedule of investment maturities report
- Monthly accrued interest income
- Year-end accrued interest income

Exhibit 2.7 (page 2-30) provides an example of the Investment Cash Status Report. The investment cash status report lists each financial institution, deposit date, amount, maturity date, balance, interest rate, and the duration of the investment. It also includes a summary chart depicting all investment institutions with corresponding balances and the current portfolio mix.

The schedule of investment maturities report lists the financial institutions, types of investments, maturity dates, investment amounts, and interest rates, where applicable. The report provides summary information by institution and type of investment. Exhibit 2.8 (page 2-40) shows the Schedule of Investment Maturities Report. The report provides analytical data for financial managers to make sound investment decisions. For example, financial managers may want to maintain a certain maximum dollar threshold in repurchase agreement accounts to manage daily cash flow needs. However, since the repurchase agreement investment account may have a lower interest rate, the financial manager may transfer funds over the threshold minimum to higher income producing accounts.

CASE STUDY

The Metropolitan Transit Authority of Harris County (Houston, Texas), (METRO) employs a proactive investment strategy to both exceed target rates of return and increase investment portfolio value. The following describes some of the procedures METRO employs to manage and enhance the investment function.

Manage and Enhance the Investment Function. METRO employs an Investment Manager, whose function is to manage the investment portfolio. The Investment Manager handles the majority of METRO's funds, and directs the portfolio within the constraints imposed by the investment policy. METRO contracts a portion of the investment portfolio to an outside investment manager. The outside money manager is Payden and Rygel, a woman owned firm, located in California. METRO believes that the outside money manager provides friendly competition and positive feedback to the internal money manager. Payden and Rygel also provide insight into new investment opportunities. This system provides incentive to the money managers to obtain the highest rate of return on each portfolio.

METRO uses a variety of analytical tools to enhance investment performance, including Telerate which provides for current prices, rates, and yields for securities. Telerate also provides relevant economic indicators.

METRO uses another computerized service, called Bloomberg, to analyze securities, yield curves, historical data, and indices. All investment transactions are analyzed on Bloomberg, where the investment manager can generate reports on transactions. A printout can furnish data on interest rates, strips, futures, spreads, and repurchase agreement/commercial paper rates for various investment instruments at different maturities.

The investment manager also monitors research reports from brokers and dealers to keep abreast of market developments.

(While not applicable to the METRO case study, these analytical tools can also assist in pricing and scheduling debt issuance. In this instance, the objective is to use the research and information to optimize the debt structure.)

The investment manager generates two worksheets; the accountant's perspective and the investor's perspective. The accountant's worksheet is updated to reflect the current market price of all securities in the portfolio. The daily investment worksheet lists the security, maturity date, par value, cost, original yield to maturity, current price, current yield to maturity, liquidation gain(loss), and the total gain (loss).

The investors daily worksheet identifies the security, maturity date, par value, previous month's market cost, current market cost, and the unrealized monthly gain(loss) of that security. The current unrealized gain(loss) for the portfolio is shown on the worksheet.

The investment manager also frequently uses the coupon payment forecast worksheet. It lists each security by number, coupon rate, maturity date, next coupon amount.

The investment forecast is updated daily, and projects activity for the next 60 days. The forecast lists the beginning investment balance plus: certificates of deposit, repurchase agreements, and other securities scheduled to mature that day, coupon interest, FTA grants, sales tax, security sales transactions, operations, and other revenues. General operations, accounts payable, payroll, claims transfers, repurchase agreements and certificates of deposit purchases, and other investment are deducted from the subtotal. The forecast is used to manage the portfolio in a cashflow-efficient manner. Specifically, the information is used to time maturities to coincide with cash needs.

Investment Reports. *Treasury Services prepares a monthly report which contains information on investment performance and the status of the portfolio. An investment summary for the portfolio managed by METRO and the portfolio managed by Payden & Rygel provides the following statistics for the investment of the two portfolios:*

- *Par value*
- *Market value*
- *Book yield*
- *Market yield*
- *Monthly return*
- *Last 12 months total return*

The report also contains a variety of detailed information on portfolio activity:

- *METRO total return history*
- *Comparison of returns, METRO vs. Payden & Rygel*
- *Detailed listing of investments*
- *Realized gain or loss on cost*
- *Realized gain or loss on market*
- *Market value and unrealized gain/loss computation*

- *Amortization of discount/premium*
- *Interest earnings*
- *Interest receivable*
- *Detailed listing of transactions*
- *Economic statistics*
- *Graphs*

Exhibit 2.9 (page 2-42) provides an example of a Monthly Investment Report.

METRO has a large investment portfolio which makes the commitment of resources to manage the function a sound business decision. An agency which restricts investments to CDs, and/or pooled investment funds has little if any use for services which METRO uses, e.g. an outside money manager, computerized investment services. Nevertheless, the comprehensive reporting developed by METRO may be "customized" to fit the information needs of other transit agencies.

Innovative Financing Mechanisms

While technically not an investment function, the use of innovative financing mechanisms can save interest costs and be used to effectively manage the fixed asset base of the transit agency. Transit agencies should consistently monitor the bond market regarding opportunities to refund existing debt. Criterion should be set that includes the net present value to be obtained in savings, which triggers the activities necessary to accomplish the refunding. The net present value in savings must more than offset the time, effort, and coordination which is necessary, to create a bond offering.

Interest cost savings have been captured by relying on variable rate short-term debt which takes maximum advantage of the difference in yields between long and short-term debt instruments. When using this form of short-term debt, the transit agency should be in the financial position to convert to a fixed-rate longer term debt instrument. This requires a revenue stream, e.g. dedicated local taxes, which promises sufficient coverage ratios.

Certificates of Participation (COPS) are a financing mechanism which transit has used to enable faster recapitalization of the fixed asset base. While COPS are a non-recourse type of security, the market demands a stable and reliable revenue source to support their issuance.

Exhibit 2.1

Investment Policy - Simple Structure

RESOLUTION NO. 48/89

ANN ARBOR TRANSPORTATION AUTHORITY INVESTMENT POLICY

WHEREAS, the Ann Arbor Transportation Authority may from time to time have cash funds in excess of its near term operating requirements, and

WHEREAS, it is in the best interest of the Authority to invest such funds to earn the highest yield compatible with safety, liquidity and State law,

NOW, THEREFORE, BE IT RESOLVED that the Ann Arbor Transportation Authority Board of Directors hereby adopt the following Investment Policy.

Objective - Cash funds in excess of near term operating requirements shall be invested to earn the highest yield compatible with safety, liquidity and State law.

Authorized Investment - Investments shall be limited to the following:

1. Certificates of deposit, depository receipts, and repurchase agreements (covered by direct obligations of the U.S. Treasury) of the following Ann Arbor financial institutions and their parent holding companies:

   Trustcorp
   Comerica Bank - Ann Arbor
   First of America Bank - Ann Arbor
   Great Lakes Bancorp - Ann Arbor
   Michigan National Bank - Ann Arbor
   National Bank of Detroit - Ann Arbor
   Standard Federal Bank - Savings and Loan - Ann Arbor
   Republic Bank - Ann Arbor
   Manufacturers National Bank

   The total investment (exclusive of checking accounts) in any one financial institution shall not exceed the lesser of twenty percent (20%) of that financial institution's capital and surplus or $3,000,000.

2. Bonds and other direct obligations of the United States or any agency or instrumentality thereof with a maturity of three years or less.

3. Commercial paper of corporations, acquired through the bidding process or through the secondary market which meet the following:

(i) At the time of purchase, such paper is top rated (P-1 (Moody's), A-1 (Standard & Poors), or F-1 (Fitch), by at least two out of three of these rating agencies and will mature not more than 270 days after the date or purchase;

(ii) Not more than five hundred thousand dollars ($500,000) be invested by the Authority at any one time in the commercial paper of any one of such corporations.

4. Governmental Mutual Funds operated by any of the banks listed above which invest only in authorized investments for local units of Government under State Law and which offer daily liquidity.

Authorized Broker/Dealers

Authorized investments may be purchased or sold directly from the issuing agency or corporate entity, through any of the financial institutions listed above or through the following Broker/Dealers:

Ashwell and Co.
E.F. Hutton
Paine Webber

The Executive Director or the Controller as his designee, under the supervision of the Treasurer, shall be responsible for implementing the investment policy, The status of investments shall be reported monthly to the Finance Committee. In connection therewith, the Treasurer, the Executive Director or the Controller as his designee is hereby authorized in the name of and on behalf of the Authority to take such action, and to execute and deliver such agreements, documents or other instruments in connection with, or relating to, the opening and closing of investment accounts, purchasing, selling or redeeming authorized investments, and the safekeeping of investment accounts for the Authority.

Effective Date - This policy shall be effective immediately.

Myrtle W Cox

September 20, 1989
Date

September 20, 1989
Date

RESOLUTION NO. 16/91

ANN ARBOR TRANSPORTATION AUTHORITY INVESTMENT POLICY

WHEREAS, the Ann Arbor Transportation Authority has an investment policy which was last amended September 20, 1989, and

WHEREAS, from time to time new financial institutions locate in Ann Arbor, and

WHEREAS, Ann Arbor Commerce Bank has requested the Authority to approve them as an authorized Ann Arbor financial institution,

NOW, THEREFORE, BE IT RESOLVED that the Ann Arbor Transportation Authority Board of Directors hereby amend the Ann Arbor Transportation Authority Investment Policy to include Ann Arbor Commerce Bank.

Gary R. Hentz

Gary R. Hentz, Chair

February 20, 1991
Date

Yvonne Duffy

Yvonne Duffy, Secretary

February 20, 1991
Date

Exhibit 2.2

Investment Policy - State Statute

PACE
INVESTMENT POLICY

SCOPE

This policy applies to Pace's investment activities, except employee pension funds, which are organized and administered separately. All other financial assets shall be administered in accordance with the provisions of these policies.

OBJECTIVES

The investment portfolio of Pace shall be designed to attain a maximum rate of return with minimum risk throughout budgetary and economic cycles, taking in account Pace's investment risk constraints, state laws that restrict the placement of public funds and Pace's cash flow needs.

Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

DELEGATION OF AUTHORITY

Management responsibility for the investment program resides with the Department Manager of Finance and Administration, who, subject to approval by the Executive Director, shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Department Manager of Finance and Administration, and approved by the Executive Director. The Department Manager of Finance and Administration, under the direction of the Executive Director, shall be responsible for all transactions undertaken, and establish a system of controls to regulate the activities of subordinate persons.

PRUDENCE

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

INVESTMENT INSTRUMENTS

Pace shall comply with Illinois Revised Statutes, Chapter 85, Paragraphs (901-907) relating to the investment of public funds, as amended. The act is shown in Appendix A.

INVESTMENT COMMITTEE

An Investment Committee shall be created; consisting of the Department Manager, Finance and Administration, Division Manager, Accounting, and the Section Manager Cash Management. The members of this committee shall meet quarterly to determine general investment strategies and to monitor results. The investment committee shall include in its deliberations such topics as: economic outlook, portfolio diversification and maturity structure, potential risks to Pace's funds, authorized depositories and dealers, and the target rate of return on the investment portfolio.

BANKS AND DEALERS: SELECTION

Pace's main depository shall be selected through the formal procurement process at least once every seven years. Dealers, brokers land other depositories shall be selected by the Executive Director or Department Manager of Finance and Administration after a competitive evaluation process. In selecting depositories or dealers, the creditworthiness of the institutions, financial stability, credit characteristics, financial history, and interest rates offered shall be considered.

Preference shall be given to depositories located within the six county area in which Pace operates.

Dealers and financial institutions seeking to establish eligibility for Pace's competitive certificate of deposit purchase programs for amounts not covered under FDIC or FSLIC insurance shall submit information as required, which shall be reviewed by the investment committee.

Before accepting funds or engaging in investment transactions with Pace, the supervising officer at each depository shall submit a certification evidencing that he or she has reviewed the investment policies and objectives, and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the depository and Pace. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving Pace funds. The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with this entity.

Employees on any firm or financial institution offering securities or investment to Pace shall be trained in the precautions appropriate to public sector investments and shall be required to familiarize themselves with our investment objectives and constraints.

MATURITY

Investments of Pace shall be limited to instruments maturing within XXX five years at the time of purchase. Maturities will be determined by the Department Manager of Finance and Administration.

SAFEKEEPING AND CUSTODY

To protect against potential fraud and embezzlement, the assets of Pace shall be secured through third-party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping. The pledged securities shall be one of the following types:

1. Negotiable obligations of the United States Government; or

2. Negotiable obligations of any agency or instrumentality of the United States Government guaranteed by the full faith and credit of the United States Government; or

3. Negotiable obligations of the State of Illinois; or of any country, city, town or municipal corporation of this State or any other political subdivision of this State which are rated A or better by Moody's or Standard and Poor's.

4. Negotiable obligations of any State of the United States, or any municipal or other political subdivision thereof which are rated AA or better by Moody's or Standard and Poor's rating thereof.

5. Any other negotiable obligation approved in writing by the Executive Director or Department Manager of Finance and Administration prior to substitution.

PUBLIC FUNDS INVESTMENT ACT

Cross References

Anna Veterans Home, investments, see ch. 126½, ¶ 703.

Department of Veterans' Affairs, investments, see ch. 126½, ¶ 67.

LaSalle Veterans Home, investments, see ch. 126½, ¶ 608.

Omnibus Bond Acts defined, see ch. 1, ¶ 1107.

900. Short title

§ 0.01. Short title. This Act may be cited as the Public Funds Investment Act.

Laws 1943, vol. 1, p. 951, § 0.01, added by P.A. 86-1324, § 594, eff. Sept. 6, 1990.

901. "Public funds" and "public agency" defined

§ 1. The words "public funds", as used in this Act, mean current operating funds, special funds, interest and sinking funds, and funds of any kind or character belonging to or in the custody of any public agency.

The words "public agency", as used in this Act, mean the State of Illinois, the various counties, townships, cities, towns, villages, school districts, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, the Illinois Bank Examiners' Education Foundation, the Chicago Park District, and all other political corporations or subdivisions of the State of Illinois, now or hereafter created, whether herein specifically mentioned or not.

Amended by P.A. 85-1411, § 2, eff. Sept. 21, 1988.

Historical and Statutory Notes

P.A. 85-1411 included the Chicago Park District.

902. Permitted investments

§ 2. (a) Any public agency may invest any public funds as follows:

(1) in bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(2) in bonds, notes, debentures, or other similar obligations of the United States of America or its agencies;

(3) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; [1]

(4) in short term obligations of corporations organized in the United States with assets exceeding $500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 180 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations; or

(5) in money market mutual funds registered under the Investment Company Act of 1940,[2] provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) of this subsection and to agreements to repurchase such obligations.

(b) Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. Any public agency may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States. Investments may be made only in those savings and loan associations the shares, or investment certificates of which are insured by the Federal Savings and Loan Insurance Corporation. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of such governing authority, the public funds so invested will be required for expenditure by such public agency or its governing authority. The expressed judgment of any such governing authority as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. Any public agency may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

(c) For purposes of this Section, the term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto; (ii) the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

(d) Except for pecuniary interests permitted under subsection (f) of Section 3-14-4 of the Illinois Municipal Code[3] or under Section 3.2 of "An Act to prevent fraudulent and corrupt practices in the making or accepting of official appointments and contracts by public officers", approved April 9, 1872,[4] no person acting as treasurer or financial officer or who is employed in any similar capacity by or for a public agency may do any of the following:

(1) have any interest, directly or indirectly, in any investments in which the agency is authorized to invest.

(2) have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.

(3) receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

(e) Any public agency may also invest any public funds in a Public Treasurers' Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 22, 1872.[5] Any public agency may also invest any public funds in a fund managed, operated and administered by a bank.

(f) To the extent a public agency has custody of funds not owned by it or another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act[6] or the Local Governmental Tax Collection Act,[7] and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

(g) A public agency may purchase or invest in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986[8] subject to the provisions of said Act and the regulations issued thereunder. The government securities, unless registered or inscribed in the name of the public agency, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

(h) Except for repurchase agreements of government securities which are subject to the Government Securities Act of 1986, no public agency may purchase or invest in instruments which constitute repurchase agreements, and no financial institution may enter into such an agreement with or on behalf of any public agency unless the instrument and the transaction meet the following requirements:

(1) The securities, unless registered or inscribed in the name of the public agency, are purchased through banks or trust companies authorized to do business in the State of Illinois.

(2) An authorized public officer after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to "purchase" specified securities from a designated institution. The "custodial bank" is the bank or trust company, or agency of government, which acts for the public agency in connection with repurchase agreements involving the investment of funds by the public agency. The State Treasurer may act as custodial bank for public agencies executing repurchase agreements. To the extent the Treasurer acts in this capacity, he is hereby authorized to pass through to such public agencies any charges assessed by the Federal Reserve Bank.

(3) A custodial bank must be a member bank of the Federal Reserve System or maintain accounts with member banks. All transfers of book-entry securities must be accomplished on a Reserve Bank's computer records through a member bank of the Federal Reserve System. These securities must be credited to the public agency on the records of the custodial bank and the transaction must be confirmed in writing to the public agency by the custodial bank.

(4) Trading partners shall be limited to banks or trust companies authorized to do business in the State of Illinois or to registered primary reporting dealers.

(5) The security interest must be perfected.

(6) The public agency enters into a written master repurchase agreement which outlines the basic responsibilities and liabilities of both buyer and seller.

(7) Agreements shall be for periods of 330 days or less.

(8) The authorized public officer of the public agency informs the custodial bank in writing of the maturity details of the repurchase agreement.

(9) The custodial bank must take delivery of and maintain the securities in its custody for the account of the public agency and confirm the transaction in writing to the public agency. The Custodial Undertaking shall provide that the custodian takes possession of the securities exclusively for the public agency; that the securities are free of any claims against the trading partner; and any claims by the custodian are subordinate to the public agency's claims to rights to those securities.

(10) The obligations purchased by a public agency may only be sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon the written instruction of the public agency or officer authorized to make such investments.

(11) The custodial bank shall be liable to the public agency for any monetary loss suffered by the public agency due to the failure of the custodial bank to take

... instruments constituting repurchase agreements the Illinois Housing Development Authority may invest in, and any financial institution with capital of at least $250,000,000 may act as custodian for, instruments that constitute repurchase agreements, provided that the Illinois Housing Development Authority, in making each such investment, complies with the safety and soundness guidelines for engaging in repurchase transactions applicable to federally insured banks, savings and loan associations or other depository institutions as set forth in the Federal Financial Institutions Examination Council Policy Statement Regarding Repurchase Agreements and any regulations issued, or which may be issued by the supervisory federal authority pertaining thereto and any amendments thereto; provided further that the securities shall be either (i) direct general obligations of, or obligations the payment of the principal of and/or interest on which are unconditionally guaranteed by, the United States of America or (ii) any obligations of any agency, corporation or subsidiary thereof controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States and provided further that the security interest must be perfected by either the Illinois Housing Development Authority, its custodian or its agent receiving possession of the securities either physically or transferred through a nationally recognized book entry system.

Amended by P.A. 84-1438, Art. II, § 28, eff. Dec. 22, 1986; P.A. 84-1469, § 1, eff. Jan. 16, 1987; P.A. 85-202, § 2, eff. Aug. 21, 1987; P.A. 85-1272, § 2, eff. Aug. 30, 1988; P.A. 86-426, § 2, eff. Aug. 30, 1989; P.A. 86-683, § 2, eff. Sept. 1, 1989; P.A. 86-842, § 7, eff. Nov. 30, 1989; P.A. 86-1036, § 1, eff. March 19, 1990; P.A. 86-1271, § 1, eff. Jan. 1, 1991.

903. Designation of payee and fund—Registration

§ 3. If any securities, purchased under authority of Section 2 hereof,[1] are issuable to a designated payee or to the order of a designated payee, then the public agency shall be so designated, and further, if such securities are purchased with money taken from a particular fund of a public agency, the name of such fund shall be added to that of such public agency. If any such securities are registerable, either as to principal or interest, or both, then such securities shall be so registered in the name of the public agency, and in the name of the fund to which they are to be credited.

Laws 1943, vol. 1, p. 951, § 3, eff. July 23, 1943.

[1] Paragraph 902 of this chapter.

904. Safekeeping and disposition of securities—Payments

§ 4. All securities purchased under the authority of this Act shall be held for the benefit of the public agency which purchased them, and if purchased with money taken from a particular fund, such securities shall be credited to and deemed to be a part of such fund, and shall be held for the benefit thereof. All securities so purchased shall be deposited and held in a safe place by the person or persons having custody of the fund to which they are credited, and such person or persons are responsible upon his or their official bond or bonds for the safekeeping of all such securities. Any securities purchased by any such public agency under authority of this Act, may be sold at any time, at the then current market price thereof, by the governing authority of such public agency. Except as provided in Section 4.1 of "An Act in relation to State finance",[1] all payments received as principal or interest, or otherwise, derived from any such securities shall be credited to the public agency and to the fund by or for which such securities were purchased.

Laws 1943, vol. 1, p. 951, § 4, eff. July 23, 1943. Amended by P.A. 84-1378, § 1, eff. Jan. 1, 1987.

[1] Chapter 127, ¶ 140.1.

905. Construction of Act

§ 5. This Act, without reference to any other statute, shall be deemed full and complete authority for the investment of public funds, as hereinabove provided, and shall be construed as an additional and alternative method therefor.

Laws 1943, vol. 1, p. 951, § 5, eff. July 23, 1943.

906. Public funds—Investments by public agencies—Statements of resources and liabilities

§ 6. (a) No bank shall receive any public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last two sworn statements of resources and liabilities which the bank is required to furnish to the Commissioner of Banks and Trust Companies or to the Comptroller of the Currency. Each bank designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Trust Companies or to the Comptroller of the Currency; provided, that if such funds or moneys are deposited in a bank, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the capital stock and surplus of such bank, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any bank in excess of such limitation.

(b) No savings and loan association shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last 2 sworn statements of resources and liabilities which the savings and loan association is required to furnish to the Commissioner of Savings and Residential Finance or the Federal Home Loan Bank. Each savings and loan association designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Savings and Residential Finance or the Federal Home Loan Bank; provided, that if such funds or moneys are deposited in a savings and loan association, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the net worth of such savings and loan association as defined by the Federal Savings and Loan Insurance Corporation, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any savings and loan association in excess of such limitation.

(c) No credit union shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a share deposit with copies of the last two reports of examination prepared by or submitted to the Illinois Department of Financial Institutions or the National Credit Union Administration. Each credit union designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all reports of examination prepared by or furnished to the Illinois Department of Financial Institutions or the National Credit Union Administration; provided that if such funds or moneys are invested in a credit union account, the amount of all such investments not collateralized or insured by an agency of the federal government or other approved share insurer shall not exceed 50% of the unimpaired capital and surplus of such credit union, which shall include shares, reserves and undivided earnings and the corporate authorities of a public agency making an investment shall not be discharged from responsibility for any funds or moneys invested in a credit union in excess of such limitation. Whenever a public agency deposits any public funds in a financial institution, the public agency may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or the National Credit Union Administration or other approved share insurer to be collateralized by securities or mortgages in an amount equal to at least market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or the National Credit Union Administration or other approved share insurer.

(e) Paragraphs (a), (b) and (c) of this Section do not apply to the University of Illinois, Southern Illinois University, the universities under the jurisdiction of the Board of Regents and the colleges and universities and the Cooperative Computer Center under the jurisdiction of the Board of Governors of State Colleges and Universities and public community colleges.

Amended by P.A. 86-1213, Art. 12, § 12005, eff. Aug. 30, 1990.

907. Investments or deposits with or in minority-owned financial institutions

§ 7. When investing or depositing public funds, each custodian shall, to the extent permitted by this Act and by the lawful and reasonable performance of his custodial duties, invest or deposit such funds with or in minority-owned financial institutions within this State.

Laws 1943, vol. 1, p. 951, § 7, added by P.A. 84-754, § 1, eff. Jan. 1, 1986.

Exhibit 2.3

Investment Policy - Aggressive

INVESTMENT GUIDELINES

FOR

METROPOLITAN TRANSIT AUTHORITY

OF

HARRIS COUNTY, TEXAS

April 20, 1995

INVESTMENT GUIDELINES
METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

The Finance and Administration Department has developed the following Investment Guidelines for the Board Finance and Administration Committee's consideration and approval. The following investment guidelines provide direction to staff, represent the basis on which the investment strategy will be formulated and serve as a guide for measuring the effectiveness of staff effort.

I. OBJECTIVES

The Board of Directors of the Metropolitan Transit Authority of Harris County, Texas (METRO) charges the Assistant General Manager of Finance and Administration with investing capital and operating funds to maximize portfolio total return while maintaining adequate liquidity and safety of principal within appropriate legal constraints.

II. ACCEPTABLE INVESTMENTS

1. Repurchase agreements, not to exceed 90 days, backed by securities described in Items 3 and 4 below.

2. Money market account at METRO's depository bank backed by acceptable collateral listed in Exhibit A and safekept at another major bank.

3. Direct obligations of the United States, such as U.S. treasury securities.

4. Indirect obligations of the United States such as issues of U.S. federal agencies like Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and other federal agency obligations.

5. Direct and indirect obligations of the State of Texas or any county, city, school district or other political subdivision of the State of Texas.

6. Certificates of deposit issued by banks under national charter or chartered in the State of Texas or savings and loan associations within the State of Texas limited to $10,000,000, or 8% of the deposit base, whichever is lower, provided the funds are backed by acceptable collateral as described in Exhibit A.

III. MATURITY LIMITS

The dollar average weighted maturity of the investment portfolio will not exceed five (5) years, with no security having a maturity greater than ten (10) years. Securities having expected lives which fluctuate in response to change in interest rates will generally be avoided.

IV. BLOCK SIZE

Minimum dollar block purchases for the investment portfolio will be $500,000.

V. INVESTMENT CONSIDERATIONS AND LIMITS

A. Trading - Securities may be traded prior to maturity if it is possible to improve yield, quality or marketability of the portfolio.

B. Collateralizing - The Director of Treasury Services is responsible for maintaining adequate collateral pledged against METRO's deposits, maintaining the necessary records and keeping all credit files up to date. Collateral for repurchase agreements shall have a market value of not less than 102% of the repurchase agreement. Collateral for certificates of deposit shall have a market value of not less than 105% of the face value of the certificate of deposit less FDIC insurance coverage. Regardless of the provisions contained herein, METRO reserves the right to reject any security as collateral for any reason whatsoever.

C. Maturities - Generally, maturities should be planned to provide an ever-revolving source of funds.

D. Safekeeping - All securities purchased by METRO are to be held in safekeeping by its main depository bank or the Federal Reserve Bank. Collateral for deposits placed with METRO's main depository bank will be safekept at another bank of METRO's choosing. Collateral pledged against other bank deposits or certificates of deposit, will also be safekept at METRO's main depository bank.

E. Board Review - The investment guidelines will be submitted to the Board's Finance and Administration Committee annually for its review and approval. On request of the Board's Finance and Administration Committee Chairman, the Finance and Administration Department will submit a three-year cash flow forecast and investment strategy recommendation. Progress reports on current investment strategies and/or performance will be made to the Finance and Administration Committee, on request.

F. Responsibilities - The Assistant General Manager of Finance and Administration and the Director of Treasury Services will be responsible for recommending the investment guidelines and ongoing strategy and will meet as necessary to discuss or approve portfolio transactions. The senior investment analyst will place orders that fit within the current strategy guidelines, and is responsible for settling securities transactions. He is also responsible for preparing and submitting investment transaction entries for Metro Accounting Division's review and final entry into the permanent accounting records. The Director of Accounting will be held responsible for verifying the accuracy of the transaction. The Assistant General Manager of Finance and Administration shall have the authority to manage METRO's investment portfolio within the general guidelines provided by the Board's Finance and Administration Committee through this document.

G. Exceptions to Policy - Any exceptions to these guidelines must have prior approval from the Chairman of the Board Finance and Administration Committee and must be reported to the Board Finance and Administration Committee at its regular monthly meeting.

H. Dealers - All securities will be purchased through primary dealers or pre-approved banks. The Director of Treasury Services or the Assistant General Manager of Finance and Administration must pre-approve all securities dealers or banks prior to doing business. All METRO-initiated securities purchases or sales will be the result of a competitive bid by at least three security dealers or banks whenever possible. Exceptions must be authorized by written direction of the Director of Treasury Services or the Assistant General Manager of Finance and Administration.

I. Deliverv vs. Pavment - All security transactions will be done on a contemporaneous delivery vs. payment (DVP) basis.

EXHIBIT "A"

INVESTMENT GUIDELINES
METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

ACCEPTABLE COLLATERAL

1. Direct obligations of the United States such as U.S. Treasury securities.

2. Indirect obligations of the United States such as issues of U.S. federal agencies including the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and other federal agency obligations.

3. Direct and indirect obligations of the State of Texas or any county, city, school district or other political subdivision of the State of Texas that has a current rating of not less than "A" or its equivalent as rated by Moody's or Standard & Poor's.

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Exhibit 2.4

State Pool Investment Activity

MEMORANDUM

TO: Participants in the Local Government Pooled Investment Account

FROM: Robert T. Copeland, Director of Financial Operations Robert T. Copeland

DATE: January 12, 1993

RE: Calendar 1992 Investment Activity

The Investment Pool closed with total investments (at cost) on December 31, 1992 of $10,564,787,860.92. The portfolio's average days to maturity was 107 and the security distribution was as follows:

	12/31/92	09/30/92	06/30/92	03/31/92
Treasury Bills, Bonds and Notes	26.00	36.60	35.10	27.87
Federal Agency Obligations	19.10	11.60	18.85	15.00
Repurchase Agreements	14.10	11.70	15.47	11.11
Bankers Acceptance	0.70	0.60	0.27	1.19
Commerical Paper	30.20	29.90	22.00	28.61
Certificate of Deposit	1.40	2.70	1.93	8.59
Medium Term & Floating Rate Notes	3.20	5.10	6.07	7.33
Other	5.30	1.80	0.31	0.30
Total	100.00	100.00	100.00	100.00

The monthly and cumulative calendar year-to-date rates are shown below:

1992	Rate of Return	Year-to-Date Rate
January	4.95	4.95
February	4.60	4.78
march	4.59	4.71
April	4.56	4.68
May	4.34	4.61
June	4.47	4.59
July	4.20	4.53
August	4.08	4.47
September	3.90	4.41
October	3.94	4.36
November	4.12	4.34
December	3.90	4.30

The pool currently consists of 1294 individual accounts maintained by 603 local government participants.

NOTE: Local governments who may be investing BOND PROCEEDS in our investment pool should consult with their bond counsel regarding arbitrage rebate regulations. Guidance should be obtained with regard to compliance issues surrounding these regulations.

Exhibit 2.5

Investment Inventory Report

FEBRUARY 1993 - UPDATED 2/25/93 3:40 P.M.

ACCOUNT NAME	ACCOUNT #/ CD #	INTEREST RATE (%)	PURCHASE DATE	MATURITY DATE	AMOUNT AT 12/31/92
1st Nat'l Bank of Des Plaines 701 Lee Street Des Plaines, IL 60016-4554 Elizabeth Schuster		3.60	12/19/91	12/18/92	$100,000.00
Old Kent Bank N.A. 105 S. York Street Elmhurst, IL 60126 Therese Stone/Henry Sabatka (NH)		3.95	8/1/91	8/1/92	$100,000.00 994,440.61
McHenry State Bank 3510 West Elm Street McHenry, IL 60050 Carol Scholle		4.10	8/2/91	8/3/92	$100,000.00
First Midwest Bk of Waukegan 214 Washington Waukegan, IL 60085 Colleen Cramlet		3.85	8/4/91	8/4/92	$100,000.00
York State Bank & Trust 536 S. York Street Elmhurst, IL 60126 Bill Gooch		6.75	4/4/91	4/3/92	$100,000.00 Closed at Maturity
First Federal Savings of Waukegan P.O. Box 800/Madison & County Street Waukegan, IL 60079 Susan Jackson		4.10	10/27/91	10/27/92	$100,000.00
Elgin Federal Financial Center 1695 Larkin Ave at Lyle Elgin, IL 60121-0667 Wendy Sutter		4.00	11/6/91	11/6/92	$100,000.00
Lakeland Community Bank 935 W. Rollins Road P.O. Box 220 Round Lake, IL 60073 Gerald Sullivan		5.25	7/2/91	7/2/92	$100,000.00
Suburban Bank Elmhurst 150 Butterfield Rd. Elmhurst, IL 60126 Ken Holmstrom		4.60 4.75 4.97	4/5/91 3/1/91 3/15/91	4/6/92 3/2/92 3/16/92	$750,000.00 $500,000.00 $100,000.00
AmericanMidwest Bank 17th Ave at Lake St. One Winston Plaza Melrose Park, IL 60160 Chiara Cusciaro		4.25	4/11/91	4/10/92	$100,000.00
Old Second National Bank 37 South River Street Aurora, IL 60507 Gayle Copenhaver		4.50	8/24/91	8/24/92	$100,000.00

	ACCOUNT #/ CD #	INTEREST RATE (%)	PURCHASE DATE	MATURITY DATE	AMOUNT AT 12/31/92
Seaway Nat'l Bank 645 E. 87th St. Chicago, IL 60619 Sandra Curtis		4.05	1/19/91	1/21/92	$100,000.00
First National Bank of Chicago 1 First National Plaza Chicago, IL 60670 Craig McFarland		4.00	1/29/91	1/29/92	$100,000.00
First Midwest Bank/Illinois 50 W. Jefferson St. Joliet, IL 60431 Louise McLaren		4.85	1/12/91	1/12/92	$100,000.00
Southwest Financial Bank 9640 S. Western Evergreen Park, IL 60642 Tanya		4.75	2/22/91	2/21/92	$100,000.00
Elmhurst Federal Savings 100 Addison Elmhurst, IL 60126 Kathy Aschenbrenner		4.95	3/27/91	3/29/92	$100,000.00
Continental Bank 231 S. LaSalle Street Chicago, IL 60697 Karen Babczak		4.50	2/25/91	2/25/92	$100,000.00
LaSalle National Bank 120 S. LaSalle Street Chicago, IL 60603 Rich Metzer		 3.65 3.65	 4/22/92 4/22/92	 5/22/92 5/22/92	$56,971.00 $1,000,000.00 $2,000,000.00
The Chicago Corporation 208 S. LaSalle Street Chicago, IL 60604 Mary Theresa Costello		4.30	2/28/92	4/1/92	$996,058.33
Oak Brook Bank 1400 West 16th Street Oak Brook, IL 60521 Pat Boland		2.50	12/31/92	1/4/93	$2,200,000.00 $621,996.44 $0.00 $0.00

	ACCOUNT #/ CD #	INTEREST RATE (%)	PURCHASE DATE	MATURITY DATE	AMOUNT AT 12/31/92
Household Bank (PMA) 494 N. Commons Drive, Suite 102 Aurora, IL 60504		4.45	5/8/91	5/7/92	$100,000.00
Republic Savings (PMA) 494 N. Commons Drive, Suite 102 Aurora, IL 60504		3.25	5/8/91	5/7/92	$99,800.00 Acquired by Regency Savings Bank 12/21/92
Cragin Federal (PMA) 494 N. Commons Drive, Suite 102 Aurora, IL 60504		3.65	2/13/91	2/13/92	$100,000.00
Mid-America Federal Savings (PMA) 494 N. Commons Drive, Suite 102 Aurora, IL 60504		4.10	8/9/91	8/10/92	$100,000.00
Lisle Savings (PMA) 494 N. Commons Drive, Suite 102 Aurora, IL 60504		6.15	8/9/91	8/10/92	$100,000.00 Closed at Maturity
Illinois Public Treasurers Investment Pool (IPTIP) c/o Marine Bank of Springfield East Old State Capitol Plaza Springfield, IL 60271		3.53 3.53 3.53	12/31/92 12/31/92 12/31/92	1/4/93 1/4/93 1/4/93	$7,823,291.78 $3,830,909.91 $10,158.66
PMA Financial Services, Inc. 495 N. Commons Drive, Suite 102 Aurora, IL 60504 Mary Wilson					
Merrill Lynch 175 West Jackson Boulevard Third Floor Chicago, IL 60604 Mike Willis		4.45	4/1/92	6/3/92	$992,202.50
NBD Bank Elgin, N.A. 6 Fountain Square Plaza Elgin, Illinois 60120-6400		4.70	1/2/92	1/2/93	

Exhibit 2.6

Portfolio Summary Report

	Total Portfolio	Total Interest	Rate
01/01/93	$16,858,063	$1,563.90	3.39%
01/02/93	$16,858,063	$1,563.90	3.39%
01/03/93	$16,858,063	$1,563.90	3.39%
01/04/93	$16,036,063	$1,512.82	3.44%
01/05/93	$16,506,063	$1,547.75	3.42%
01/06/93	$16,568,063	$1,563.20	3.44%
01/07/93	$16,491,063	$1,554.55	3.44%
01/08/93	$15,956,063	$1,513.51	3.46%
01/09/93	$15,956,063	$1,513.51	3.46%
01/10/93	$15,956,063	$1,513.51	3.46%
01/11/93	$15,362,063	$1,461.44	3.47%
01/12/93	$15,071,063	$1,438.63	3.48%
01/13/93	$16,624,063	$1,544.99	3.39%
01/14/93	$16,208,063	$1,514.26	3.41%
01/15/93	$16,385,063	$1,526.14	3.40%
01/16/93	$16,385,063	$1,526.14	3.40%
01/17/93	$16,385,063	$1,526.14	3.40%
01/18/93	$16,385,063	$1,524.36	3.40%
01/19/93	$16,205,063	$1,525.71	3.44%
01/20/93	$16,036,063	$1,523.02	3.47%
01/21/93	$16,349,063	$1,546.83	3.45%
01/22/93	$16,349,063	$1,522.46	3.40%
01/23/93	$16,349,063	$1,522.46	3.40%
01/24/93	$16,349,063	$1,522.46	3.40%
01/25/93	$15,797,063	$1,484.65	3.43%
01/26/93	$15,554,063	$1,468.01	3.44%
01/27/93	$15,322,063	$1,451.09	3.46%
01/28/93	$16,243,063	$1,506.23	3.38%
01/29/93	$16,900,063	$1,549.43	3.35%
01/30/93	$16,900,063	$1,549.43	3.35%
01/31/93	$16,900,063	$1,549.43	3.35%
02/01/93			
Total	$504,102,953	$47,193.86	3.42%

Key Rates: Cash markets Rate	Jan. 29
Fed Funds	3.10%
CDs: 3 months	2.77%
CDs: 6 months	2.86%
BAs: 1 month	3.02%
T-bill: 91-day yield	2.98%
T-bill: 52-week yield	3.52%
Bond Buyer 20-bond municipal index	6.10%
Tax-exempt notes	2.50%

Source: Public Investor 02/93

	Repo		IPTIP-Unrestricted		IPTIP-Restricted		1-Year Cd's Various		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
01/01/93	$2,288,000	2 50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4 41%	$16,858,063	3.39%
01/02/93	$2,288,000	2.50%	$7,322,112	3.25%	$3,798,951	3 25%	$3,449,000	4.41%	$16,858,063	3.39%
01/03/93	$2,288,000	2.50%	$7,322,112	3 25%	$3,798,951	3.25%	$3,449,000	4.41%	$18,858,063	3 39%
01/04/93	$1,466,000	2.83%	$7,322,112	3 25%	$3,798,951	3.25%	$3,449,000	4.41%	$16,038,063	3.44%
01/05/93	$1,936,000	2.85%	$7,322,112	3 25%	$3,798,951	3.25%	$3,449,000	4 41%	$18,506,063	3.42%
01/06/93	$1,998,000	2.85%	$7,322,112	3 25%	$3,798,951	3.25%	$3,449,000	4.41%	$16,568,063	3.44%
01/07/93	$1,921,000	2.80%	$7,322,112	3 25%	$3,798,951	3.25%	$3,449,000	4.41%	$16,491,063	3.44%
01/08/93	$1,386,000	2.80%	$7,322,112	3.25%	$3,798,951	3 25%	$3,449,000	4.41%	$15,956,063	3 46%
01/09/93	$1,386,000	2.80%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.41%	$15,958,063	3.46%
01/10/93	$1,388,000	2.80%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.41%	$15,956,063	3.46%
01/11/93	$792,000	2.50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.41%	$15,362,063	3.47%
01/12/93	$501,000	2.50%	$7,322,112	3 25%	$3,798,951	3.25%	$3,449,000	4.36%	$15,071,063	3 46%
01/13/93	$2,054,000	2.50%	$7,322,112	3 25%	$3,798,951	3 25%	$3,449,000	4 36%	$16,624,063	3 39%
01/14/93	$1,638,000	2.45%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.36%	$16,208,063	3.41%
01/15/93	$1,815,000	2.45%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.36%	$16,385,063	3.40%
01/16/93	$1,815,000	2.45%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4 36%	$16,385,063	3 40%
01/17/93	$1,815,000	2.45%	$7,322,112	3 25%	$3,798,951	3 25%	$3,449,000	4 36%	$16,385,063	3 40%
01/18/93	$1,815,000	2.45%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.36%	$16,385,063	3 40%
01/19/93	$1,635,000	2.75%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.36%	$16,205,063	3.44%
01/20/93	$1,466,000	3.00%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.36%	$16,036,063	3.47%
01/21/93	$1,779,000	3.00%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$16,349,063	3 45%
01/22/93	$1,779,000	2.50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$16,349,063	3.40%
01/23/93	$1,779,000	2.50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$16,349,063	3.40%
01/24/93	$1,779,000	2.50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$16,349,063	3.40%
01/25/93	$1,227,000	2.50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$15,797,063	3.43%
01/26/93	$984,000	2.50%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$15,554,063	3.44%
01/27/93	$752,000	2.45%	$7,322,112	3.25%	$3,798,951	3.25%	$3,449,000	4.34%	$15,322,063	3 46%
01/28/93	$1,773,000	2.40%	$7,322,112	3.25%	$3,798,951	3.25%	$3,349,000	4.35%	$16,243,063	3.36%
01/29/93	$2,430,000	2.40%	$7,322,112	3.25%	$3,798,951	3.25%	$3,349,000	4.35%	$16,900,063	3.35%
01/30/93	$2,430,000	2.40%	$7,322,112	3.25%	$3,798,951	3.25%	$3,349,000	4.35%	$18,900,063	3.35%
01/31/93	$2,430,000	2.40%	$7,322,112	3.25%	$3,798,951	3.25%	$3,349,000	4.35%	$18,900,063	3.35%
02/01/93										
Total	$52,831,000	2.57%	$226,985,472	3.25%	$117,767,481	3.25%	$106,519,000	4.36%	$504,102,953	3.42%

Exhibit 2.7

Investment Cash Status Report

04/06/83

Investment Cash Status Report

Fiscal Year 1983

Deposit Date	Interest Income	Principal Amount	Ck# Dm	Amount	Comments...	Balance			
American National Bank									
						0.00			
						0.00			
						0.00			
						0.00			
						0.00			
						0.00			
						0.00			
						0.00			
						============			
						0.00			
						============			
Bank of Corpus Christi									
61582		300,000.00	dm		matures 2-12-83	300,000.00	6.00% 242 day CD		
70282	6,723.29	200,000.00	r/o	206,723.29	matures 1-25-83	500,000.00	6.00% 207 day C	6,740	16.71
90882	3,032.79	100,000.00	r/o	103,032.79	matures 3-12-83	600,000.00	6.00% 186 day C	3,041	8.21
120482	6,000.00	200,000.00	r/o	206,000.00	matures 6-07-83	800,000.00	6.00% 186 day C	6,016	16.00
120782	7,868.85	250,000.00	r/o	257,868.85	matures 6-25-83	1,050,000.00	6.00% 200 day C	7,880	21.15
120882	11,989.19	200,000.00	r/o	211,989.19	matures 12-9-83	1,250,000.00	6.00% 365 day C	12,000	30.81
122482	8,319.67	250,000.00	r/o	258,319.67	matures 12-24-83	1,500,000.00	6.00% 365 day CD		
11483		200,000.00	dm		matures 7-22-83	1,700,000.00	6.00% 189 day CD		
12183		200,000.00	dm		matures 8-26-83	1,900,000.00	6.00% 217 day CD		
12583	6,789.04	200,000.00	r/o	206,789.04	matures 1-25-84	1,900,000.00	6.00% 365 day CD		
20483		200,000.00	dm		matures 8-12-83	2,100,000.00	6.00% 189 day CD		
20483		300,000.00	dm		matures 9-17-83	2,400,000.00	6.00% 225 day CD		
20483		200,000.00	dm		matures 1-07-84	2,600,000.00	6.00% 337 day CD		
20483		300,000.00	dm		matures 2-04-84	2,900,000.00	6.00% 365 day CD		
21283	11,907.30	300,000.00	r/o	311,907.30	matures 4-27-83	2,900,000.00	5.80% 74 day CD		
31283	3,036.93	100,000.00	r/o	103,036.93	matures 4-23-83	2,900,000.00	5.00% 42 day CD		
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						2,900,000.00			
						============			
						2,900,000.00			
						============			

04/08/83

Investment Cash Status Report

Fiscal Year 1983

Deposit Date	Interest Income	Principal Amount	Ck# Drn	Amount	Comments...	Balance			
Bank of Robstown									
61582		100,000.00	wire		matures 6-15-83	100,000.00	4.45% 365 day CD		
91582	1,118.58			1,118.58	interest paid	100,000.00		1,110	(8.58)
121582	1,108.42			1,108.42	interest paid	100,000.00			
31583	1,088.73			1,088.73	interest paid	100,000.00			
						100,000.00			
						============			
						100,000.00			
						============			
CCNB									
30882		99,000.00	wire		matures 3-08-83	99,000.00	4.80% 365 day CD		
61582		300,000.00	wire		matures 6-15-84	399,000.00	4.79% 730 day CD		
71582	1,188.03			1,188.03	interest paid	399,000.00			
81582	1,208.87			1,208.87	interest paid	399,000.00			
91582	1,208.87			1,208.87	interest paid	399,000.00			
101582	1,188.03			1,188.03	interest paid	399,000.00			
111582	1,208.87			1,208.87	interest paid	399,000.00			
121582	1,188.03			1,188.03	interest paid	399,000.00			
11583	1,208.46			1,208.46	interest paid	399,000.00			
30883	4,446.08			103,446.08		300,000.00			
31583	1,083.16			1,083.16	interest paid	300,000.00			
						300,000.00			
						300,000.00			
						300,000.00			
						300,000.00			
						300,000.00			
						300,000.00			
						300,000.00			
						============			
						300,000.00			
						============			
Charter Bank - Northwest									
						0.00			
						0.00			
						============			
						0.00			
						============			
Citizens State Bank									
						0.00			
						0.00			
						============			
						0.00			
						============			

04/08/93

Investment Cash Status Report

Fiscal Year 1993

Deposit Date	Interest Income	Principal Amount	Ck# Dm	Amount	Comments...	Balance	
Coastal Bend Bank							
						0.00	
						0.00	
						============	
						0.00	
						============	
Commonwealth Savings							
						0.00	
						0.00	
						============	
						0.00	
						============	
First City Bank							
30892		100,000.00	wire		matures 3-04-93	100,000.00	4.25% 360 day CD
40892	339.73			339.73	interest paid	100,000.00	
50892	328.77			328.77	interest paid	100,000.00	
60892	339.73			339.73	interest paid	100,000.00	
70892	328.77			328.77	interest paid	100,000.00	
80892	339.73			339.73	interest paid	100,000.00	
90892	339.73			339.73	interest paid	100,000.00	
100892	328.77			328.77	interest paid	100,000.00	
110892	339.73			339.73	interest paid	100,000.00	
120892	328.77			328.77	interest paid	100,000.00	
10893	339.73			339.73	interest paid	100,000.00	
20893	339.73			339.73	interest paid	100,000.00	
30493	242.06			100,242.06		(0.00)	
						============	
						(0.00)	
						============	
First Commerce Bank							
61592		100,000.00	wire		matures 6-15-93	100,000.00	4.15% 365 day CD
						100,000.00	
						100,000.00	
						100,000.00	
						============	
						100,000.00	
						============	
First Gibraltar Bank, FSB							
						0.00	
						0.00	
						============	
						0.00	
						============	

04/06/93

Investment Cash Status Report

Fiscal Year 1993

Deposit Date	Interest Income	Principal Amount	Cld/ Drn	Amount	Comments...	Balance	
Frost National Bank							
						0.00	
						0.00	
						============	
						0.00	
						============	
Guardian Savings							
120892	93.16	100,000.00	r/o	100,093.16	matures 12-8-93	100,000.00	4.00% 365 day CD
12893	339.72			339.72	interest paid	100,000.00	
22593	306.85			306.85	interest paid	100,000.00	
32893	339.73			339.73	interest paid	100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						============	
						100,000.00	
						============	
International Bank							
						0.00	
						0.00	
						============	
						0.00	
						============	
Nations Bank							
						0.00	
						0.00	
						============	
						0.00	
						============	

04/08/93

Investment Cash Status Report

Fiscal Year 1993

Deposit Date	Interest Income	Principal Amount	Ck# Dm	Amount	Comments...	Balance	
Nuecees National Bank							
61592		100,000.00	wire		matures 6-15-93	100,000.00	4.10% 365 day CD
71592	336.99			336.99	interest paid	100,000.00	
81592	348.22			348.22	interest paid	100,000.00	
91592	348.22			348.22	interest paid	100,000.00	
101592	336.99			336.99	interest paid	100,000.00	
111592	348.22			348.22	interest paid	100,000.00	
121592	336.99			336.99	interest paid	100,000.00	
11593	348.22			348.22	interest paid	100,000.00	
21593	348.22			348.22	interest paid	100,000.00	
31593	314.52			314.52	interest paid	100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						100,000.00	
						============	
						100,000.00	
						============	
Pacific Southwest							
						0.00	
						0.00	
						============	
						0.00	
						============	
Repurchase Agreements							
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						============	
						0.00	
						============	

04/08/83

Investment Cash Status Report

Fiscal Year 1983

Deposit Date	Interest Income	Principal Amount	Ck# Dm	Amount	Comments...	Balance	
Bank of America							
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
Texas Commerce Bank							
30882		100,000.00	288732		matures 03-04-83	100,000.00	4.30% 360 day CD
30483	4,300.00			104,300.00		0.00	
						0.00	
						0.00	
U.S. Gov't Securities							
30882		287,885.83	wire		matures 02-18-83	287,885.83	4.89% 347 day FNMA--ccnb
61582		196,474.00	dm		matures 01-20-83	483,[illegible]	3.847% 219 day FNMA--bocc
12083	4,520.00			200,000.00		287,885.83	
21883	12,434.17			300,000.00		0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	

04/06/93

Investment Cash Status Report

Fiscal Year 1993

Deposit Date	Interest Income	Principal Amount	Ck# Dm	Amount	Comments...	Balance	
U.S. Treasury Bills							
61592		195,704.50	dm		matures 01-14-93	195,704.50	3.750% 213 day t-bill/bocc
11493	4,295.50			200,000.00		0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	
						0.00	

0.00

04/08/93

Investment Cash Status Report

Fiscal Year 1993

Deposit Date	Interest Income	Principal Amount	Cld/ Dm	Amount	Comments...	Balance

Balance All Investments

Bank of CC – MM	64,729.41	0.77%
Texpool	4,741,804.82	56.41%
American Bank	0.00	0.00%
Bank of CC – CDs	2,900,000.00	34.50%
Bank of Robstown	100,000.00	1.19%
CCNB	300,000.00	3.57%
Charter Bank	0.00	0.00%
Citizens State Bank	0.00	0.00%
Coastal Bend Bank	0.00	0.00%
Commonwealth Savings	0.00	0.00%
First City Bank	(0.00)	0.00%
First Commerce Bank	100,000.00	1.19%
First Gibraltar Bank	0.00	0.00%
Frost National Bank	0.00	0.00%
Guardian Savings	100,000.00	1.19%
International Bank	0.00	0.00%
Nations Bank	0.00	0.00%
Nueces National Bank	100,000.00	1.19%
Pacific Southwest	0.00	0.00%
Repurchase Agreements	0.00	0.00%
Bank of America	0.00	0.00%
Texas Commerce Bank	0.00	0.00%
U.S. Gov't Securities	0.00	0.00%
U.S. T–Bills	0.00	0.00%
	8,406,534.23	100.00%

Current Portfolio Mix

Money Market	64,729.41	0.77%
Texpool	4,741,804.82	56.41%
CDs	3,600,000.00	42.82%
Repo	0.00	0.00%
US Govt Sec	0.00	0.00%
US T–Bills	0.00	0.00%
	8,406,534.23	100.00%

Total Cash Balances @ Bank of C.C.:

General	18,364.01
Payroll	182.54
Insurance	142.53
Investments (incl MMFs)	2,964,729.41
	2,983,418.49

04/06/93

Investment Cash Status Report

Fiscal Year 1993

Deposit Date	Interest Income	Principal Amount	Cld? Dm	Amount	Comments...	Balance

Target Balance of Investments is:

Working Capital	2,560,300.00
Self Insurance	500,000.00
General Contingency	0.00
Special Projects	0.00
Capital Replacement	2,494,748.00
Local Share of Grants	26,790.00
	5,581,838.00

Current Investment Balance is	8,406,524.03
Target Balance as of 03/31/93 is ..	5,581,838.00
Net Ahead/(Arrearage)	2,824,686.03

Exhibit 2.8

Schedule of Investment Maturities Report

Schedule of Investment Maturities

	Date of Investment	Maturity Date	Amount Invested	Interest Rate
Oak Brook Bank	3/19/93	3/22/93	$ 1,415,000	2.6%
Daily Repo	3/19/93	3/22/93	$ 990,047	
Compensating Balances				
La Salle Bank				
Checking Account	3/19/93		$ 246,210	
Certificate of Deposit	None			
Old Kent Bank	3/19/93		$ 46,702	
Commercial Paper				
Merrill Lynch	None			
IPTIP	3/19/93		$ 8,523,292	3.8%
IPTIP Restricted	3/19/93		$ 3,798,951	3.8%
Long Term CDs			$ 3,349,000	

Exhibit 2.9

Monthly Investment Report

Metropolitan Transit Authority of Harris County, Texas

INVESTMENT REPORT

For the month of August 1995

Report date: September 11, 1995

INVESTMENT REPORT SUMMARY

AUGUST 1995

	METRO	Nicholas Applegate	Smith Graham	Total
Par	210,513,746	58,985,919	47,352,388	316,852,053
Cost	207,520,983	57,902,883	47,024,235	312,448,100
Market	206,861,898	59,187,609	48,018,820	314,068,327
Ave. days	566	668	525	579
Ave. duration	1.53	1.70	1.30	1.53
Book yield	5.41%	6.48%	6.36%	5.75%
Market yield	5.65%	5.88%	5.76%	5.71%
Monthly Return (1,5)	0.65%	0.67%	0.54%	0.64%
Year-to-date (2,5)	6.52%	6.85%	6.96%	
Last 12 months (3,5)	7.08%	7.05%	6.77%	
Std. Deviation (4)	0.43%	0.49%	0.54%	

Month Benchmark (1 to 3)	7.35%
Month Benchmark (0 to 3)	6.87%
Annual Benchmark (1 to 3)	7.30%
Annual Benchmark (0 to 3)	7.02%

(1) Monthly total return based on income divided by daily weighted average dollars invested.
(2) Total return year-to-date for the calendar year computed by linking monthly returns.
(3) Last 12 month total return based on monthly total returns combined using the linking method.
(4) Standard deviation computed on last 12 monthly returns.
(5) Returns for Nicholas Applegate and Smith Graham are computed before deduction of fees of 15 basis points.

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ACCOUNTING INCOME (000's)

	Actual	Budget	Variance
Month	1,238	0	1,238
Y-T-D	15,292	0	15,292

Note: Accounting income is for the month of and through July 1995. August entries and budget figures not available as of the date of this report.

RATES

	6-M	1-yr	2-yr	3-yr	5-yr	10-yr	30-yr
7/15	5.59	5.52	5.69	5.78	5.90	6.16	6.60
7/31	5.59	5.64	5.86	5.98	6.15	6.43	6.84
8/15	5.70	5.81	6.05	6.18	6.34	6.55	6.89
8/31	5.64	5.64	5.85	5.94	6.07	6.28	6.65

SPREADS

	1 to 2	1 to 3	2 to 3	2 to 5	2 to 10	2 to 30
6/15	17	26	9	21	47	91
6/30	22	34	12	29	57	98
7/15	24	37	13	29	50	84
7/31	21	30	9	22	43	80

MONTHLY TOTAL RETURNS

CASH	0.49%
1 YEAR	0.47%
2 YEAR	0.51%
3 YEAR	0.77%
5 YEAR	0.77%
7 YEAR	1.27%
10 YEAR	1.31%
30 YEAR	2.22%

METRO TOTAL RETURN HISTORY

09/11/95

	Interest Income	Unrealized Gain/Loss	Securities Lending Income	Average Dollars Invested	METRO Annualized Total Return	METRO 1 to 3 yr Benchmark	METRO 0 to 3 yr Benchmark
Aug-95	1,017,532	366,487	16,024	213,892,186	7.98%	7.35%	6.87%
Jul-95	1,118,854	(336,716)	14,544	236,920,448	4.03%	5.06%	5.36%
Jun-95	1,202,576	311,735	9,812	258,341,995	7.42%	6.79%	6.78%
May-95	1,363,717	1,998,143		242,497,089	17.60%	22.11%	16.63%
Apr-95	1,240,406	747,011		265,593,392	9.49%	11.17%	9.55%
Mar-95	1,363,765	170,167		282,552,763	6.58%	7.96%	7.27%
Feb-95	1,180,158	1,567,651		251,055,718	15.25%	19.86%	15.41%
Jan-95	1,288,222	1,349,371		266,260,300	12.31%	16.88%	13.56%
Dec-94	1,365,975	(190,634)		285,145,475	4.96%	0.95%	
Nov-94	1,140,787	(1,140,415)		261,039,920	0.00%	-4.37%	
Oct-94	1,281,437	(532,262)		283,525,010	3.16%	3.23%	
Sep-94	1,208,756	(1,675,588)		297,855,524	-1.89%	-2.28%	
Aug-94	1,207,210	(205,322)		276,869,853	4.34%	4.48%	
Jul-94	1,466,697	1,552,200		298,369,613	12.58%	10.35%	
Jun-94	1,407,464	(1,126,876)		325,512,703	1.05%	3.68%	
May-94	1,178,369	(923,872)		323,473,911	0.95%	1.80%	
Apr-94	1,100,641	(2,822,067)		347,152,962	-5.87%	-4.49%	
Mar-94	1,650,635	(6,771,439)		363,799,750	-15.37%	-5.62%	
Feb-94	1,482,556	(7,296,379)		342,887,479	-19.98%	-7.26%	
Jan-94	1,885,030	2,141,573		357,933,523	14.08%	7.27%	

NOTE: The Metro 1 to 3 yr benchmark is a monthly total return, annualized, based on 60% of the Merrill Lynch 1 – 3 treasury index, 40% of the Merrill Lynch 1 – 3 agency index, plus 10% of the 2-year current pay CMO spread. The METRO 0 to 3 yr benchmark is 40% of the ML 0 – 1 year treasury index, plus 40% of the ML 1 – 3 treasury index pluse 20% of the ML 1 – 3 agency index.

COMPARISON OF RETURNS

AUGUST 1995

	<<<<< METRO >>>>> Total return	Duration	Market Value	<<<<< Nicholas Applegate >>>>> Total return	Duration	Market Value	<<<<< Smith Graham >>>>> Total return	Duration	Market Value	<<<<< Wgt. Ave. Totals >>>>> Total return	Duration	Market Value
Jan 94	0.00%	3.50	357,998,625	15 35%	3.70	74,790,596	6.17%	1.90	25,125,513	2.85%	3.44	457,914,734
Feb 94	−19.98%	3.50	336,664,778	−20.03%	2.70	74,465,785	−5.09%	1.70	25,026,070	−19.13%	3.26	436,156,633
Mar 94	−15.37%	3.10	360,727,457	−9.56%	1.95	73,833,884	−5.51%	1.80	24,906,174	−13.90%	2.84	459,467,515
Apr 94	−5.86%	2.75	326,097,895	−4.76%	2.20	73,714,659	−4.18%	1.70	24,820,200	−5.57%	2.59	424,632,754
May 94	0.95%	2.57	296,430,476	1.18%	2.30	73,799,623	0.95%	1.90	24,840,928	0.99%	2.48	395,071,027
Jun 94	1.05%	2.36	314,857,175	2.46%	2.10	73,961,248	2.96%	1.80	24,901,144	1.42%	2.28	413,719,567
Jul 94	12.58%	2.23	276,828,989	11.78%	2.00	74,665,263	12.95%	1.70	25,160,611	12.45%	2.15	376,654,863
Aug 94	4.34%	2.06	259,808,428	3.96%	1.80	74,915,261	3.71%	1.60	25,234,644	4.22%	1.97	359,958,333
Sep 94	−1.89%	1.44	302,389,987	−2.05%	1.70	74,790,711	−2.76%	1.70	25,177,702	−1.97%	1.50	402,358,400
Oct 94	3.16%	1.61	261,101,215	2.62%	1.70	74,953,890	2.62%	1.50	25,232,840	3.01%	1.62	361,287,945
Nov 94	0.00%	1.60	244,283,982	−2.76%	1.60	74,781,976	−4.53%	1.60	25,137,746	−0.93%	1.60	344,203,704
Dec 94	4.96%	1.39	283,287,739	4.44%	1.50	75,060,163	2.50%	1.50	25,191,556	4.70%	1.42	383,539,458
Jan 95	12.31%	1.53	250,288,760	12.43%	1.40	75,810,622	14.28%	1.20	25,477,961	12.48%	1.48	351,577,343
Feb 95	15.25%	1.45	241,087,185	16.82%	1.50	56,590,722	17.43%	1.80	45,964,680	15.80%	1.51	343,642,587
Mar 95	6.58%	1.18	288,041,252	7.55%	1.50	56,942,871	7.55%	1.70	46,247,147	6.83%	1.29	391,231,270
Apr 95	9.49%	1.28	252,792,821	10.31%	1.50	57,404,668	11.11%	1.40	46,648,267	9.84%	1.33	356,845,756
May 95	17.60%	1.28	227,189,255	18.74%	1.70	58,248,327	19.02%	1.60	47,345,813	18.00%	1.40	332,783,395
Jun 95	7.42%	1.11	264,268,598	7.29%	1.80	58,607,679	6.51%	1.70	47,593,532	7.28%	1.29	370,469,809
JuL 95	4.03%	1.29	225,124,876	3.71%	1.70	58,789,940	4.20%	1.60	47,760,954	4.00%	1.41	331,675,770
Aug 95	7.98%	1.53	206,861,898	8.18%	1.70	59,187,609	6.55%	1.30	48,018,820	7.80%	1.53	314,068,327

(1) Monthly total return based on income divided by daily average dollars invested.
Returns are annualized.

\INVEST\PAGES WK3

RUN DATE: 09/11/95

RUN TIME: 14:02:22

OUTSTANDING PAPER BY MATURITY DATE
METRO Investment Portfolio
AS OF THE DATE OF 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	PAR VALUE	COST	TYPE	YTM COST	PRICE	NO.	
TEXAS COMMERCE MMA	5.0100	09/01/95	08/31/95	9,712,848.85	9,712,848.85	MMA	5.0100	100.00000000		
REPO	5.8500	09/01/95	08/31/95	20,000,000.00	20,000,000.00	REPO	5.9300	100.00000000	2354	0
COMPASS BANK CD	5.8800	09/18/95	06/20/95	5,000,000.00	5,000,000.00	CD	5.9600	100.00000000	2312	0
TANGLEWOOD BANK CD	5.7000	10/05/95	07/06/95	2,000,000.00	2,000,000.00	CD	5.7800	100.00000000	2327	0
METRO CD	6.2500	10/10/95	04/12/95	513,808.21	513,808.21	CD	6.2500	100.00000000	2268	0
TREASURY NOTE	3.8750	10/31/95	11/01/93	10,000,000.00	9,988,600.00	T	3.9350	99.88600000	1761	0
FHG 42 A	8.0000	11/17/95	10/28/94	2,863,204.50	2,904,810.44	CMO	6.1900	101.45312500	2103	10
SUNBELT CD	5.9000	12/11/95	06/14/95	500,000.00	500,000.00	CD	5.9800	100.00000000	2313	0
SUNBELT CD	5.9000	12/18/95	06/19/95	500,000.00	500,000.00	CD	5.9800	100.00000000	2314	0
FFCB FLOATER	5.8300	12/21/95	12/21/93	1,000,000.00	1,000,000.00	FLTR	5.8300	100.00000000	1457	2
FNR 93-94 B	4.8500	12/31/95	06/15/95	8,897,657.70	8,803,120.09	CMO	6.2880	98.93750000	2308	2
FNMA 2 YR CMT FLOATER	5.1000	01/25/96	05/31/94	10,000,000.00	10,007,030.00	FLTR	5.1000	100.07700000	2002	62
FNMA 2 YR CMT FLOATER	5.1000	01/25/96	05/31/94	10,000,000.00	10,007,700.00	FLTR	5.1000	100.07700000	2008	61
ASIAN AMERICAN CD	5.7000	01/29/96	07/31/95	1,300,000.00	1,300,000.00	CD	5.7800	100.00000000	2338	0
TREASURY NOTE	7.5000	01/31/96	04/29/93	10,000,000.00	10,839,062.50	T	4.2393	108.39062500	1561	0
FHR 1250 E	7.0000	01/31/96	05/08/95	2,620,224.00	2,619,814.59	CMO	6.7167	99.98437500	2278	3
FANNIE COUPON	6.7200	02/28/96	03/29/95	5,000,000.00	5,010,156.25	A	6.4780	100.20312500	2261	0
TREASURY NOTE	4.2500	05/15/96	05/17/93	25,000,000.00	24,988,281.25	T	4.2669	99.95312500	1588	0
FNR 91-99 G	7.5000	06/30/96	08/21/95	2,000,000.00	2,006,250.00	CMO	6.6150	100.31250000	2346	0
TREASURY NOTE	7.2500	08/31/96	01/30/92	9,000,000.00	9,331,875.00	T	6.3100	103.68750000	1266	0
FHR 1741 BA	6.1000	12/31/96	08/30/94	3,981,002.50	3,916,933.24	CMO	6.8370	98.39062500	2079	12
TREASURY NOTE	4.7500	02/15/97	07/26/95	10,000,000.00	9,825,000.00	T	5.9423	98.25000000	2334	0
TREASURY NOTE	6.1250	05/31/97	06/27/95	10,000,000.00	10,080,468.75	T	5.6750	101.80468750	2319	0
FNMA CALLABLE	7.2600	10/16/97	06/05/95	4,625,000.00	4,640,898.44	A	6.2300	100.34375000	2299	0
FHLB STEP UP NOTE	5.8500	04/19/99	04/19/94	5,000,000.00	4,993,750.00	FLTR	5.8500	99.87500000	1942	1
TREASURY NOTE	6.3750	01/15/00	09/20/93	10,000,000.00	10,679,687.50	T	5.1013	106.79687500	1719	0
FHLB CALLABLE NOTE	8.0600	03/21/00	05/08/95	1,000,000.00	1,005,000.00	A	6.5500	100.50000000	2279	0
TREASURY STRIP	.0000	11/15/01	10/18/93	15,000,000.00	9,897,450.00	B	5.2150	65.98300000	1743	0
TREASURY NOTE	6.2500	02/15/03	08/05/93	5,000,000.00	5,151,562.50	T	5.8305	103.03125000	1676	0
TREASURY NOTE	6.2500	02/15/03	08/09/93	10,000,000.00	10,296,875.00	T	5.8388	102.96875000	1681	0
TOTALS				210,513,745.75	207,520,982.61					

WEIGHTED AVE. YTM 5.4162

WEIGHTED AVE. DAYS 566

METRO Investment Portfolio

RUN TIME: 14:02:30 AS OF THE DATE OF 08/31/95

AGING OF OUTSTANDING MATURITY AMOUNTS

1 TO 7 DAYS	29,712,848.85
8 TO 15 DAYS	.00
16 TO 30 DAYS	5,000,000.00
31 TO 45 DAYS	2,513;808.21
46 TO 60 DAYS	.00
61 TO 90 DAYS	12,863,204.50
91 TO 120 DAYS	2,000,000.00
121 TO 150 DAYS	28,897,657.70
151 TO 180 DAYS	13,920,224.00
181 TO 210 DAYS	5,000,000.00
211 TO 240 DAYS	.00
241 TO 270 DAYS	25,000,000.00
271 TO 365 DAYS	2,000,000.00
TOTAL LESS THAN 1 YEAR	126,907,743.26
1 < YEARS <= 2	32,981,002.50
2 < YEARS <= 3	4,625,000.00
3 < YEARS <= 4	5,000,000.00
4 < YEARS <= 5	11,000,000.00
5 < YEARS <= 6	.00
TOTAL 1 THRU 5 YEARS	53,606,002.50
6 TO 10 YEARS	30,000,000.00
11 TO 15 YEARS	.00
16 TO 20 YEARS	.00
21 TO 25 YEARS	.00
OVER 25 YEARS	.00
TOTAL GREATER THAN 6 YEARS	30,000,000.00
GRAND TOTAL OUTSTANDING	210,513,745.75

DISTRIBUTION OF ASSETS

TREASURY ISSUES	114,000,000.00	54.15 %
AGENCY ISSUES	10,625,000.00	5.04 %
MORTGAGE BACKED	20,362,088.70	9.67 %
CERT. OF DEPOSIT	9,813,808.21	4.66 %
REPURCHASE AGREEM'TS	20,000,000.00	9.50 %
MONEY MARKET ACCOUNT	9,712,848.85	4.61 %
VARIABLE RATE	26,000,000.00	12.35 %
CORPORATE	.00	.00 %
OTHER	.00	.00
TOTAL PAR AMOUNT	210,513,745.75	

RUN DATE: 09/06/95

RUN TIME: 16:10:37

OUTSTANDING PAPER BY MATURITY DATE

Nicholas Applegate

AS OF THE DATE OF 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	PAR VALUE	COST	TYPE	YTM COST	PRICE	NO.	
TEXAS COMMERCE MMA	5.0100	09/01/95	08/31/95	968,809.00	968,809.00	MMA	5.0100	100.00000000		
TREASURY NOTE	4.0000	01/31/96	01/06/95	700,000.00	676,156.25	T	7.3709	96.59375000	2180	0
FNR 93-181 B	4.7500	02/15/96	02/03/95	2,795,390.19	2,712,402.04	CMO	7.4200	97.03125000	2203	5
TREASURY NOTE	7.5000	02/29/96	03/28/95	22,800,000.00	23,017,312.50	T	6.4126	100.95312500	2247	0
FHR 1564 B	5.0000	02/29/96	02/03/95	3,161,719.40	3,083,170.43	CMO	7.5100	97.51562500	2202	2
TREASURY NOTE	4.7500	02/15/97	03/01/95	1,000,000.00	961,718.75	T	6.8680	96.17187500	2228	0
TREASURY NOTE	5.1250	11/30/98	06/23/95	7,000,000.00	6,837,031.25	T	5.8817	97.67187500	2316	0
TREASURY NOTE	5.1250	11/30/98	07/06/95	250,000.00	243,515.62	T	5.9760	97.40624800	2324	0
TREASURY NOTE	5.1250	11/30/98	07/25/95	925,000.00	898,117.19	T	6.0949	97.09375000	2331	0
TREASURY NOTE	5.1250	11/30/98	07/26/95	10,175,000.00	9,889,623.05	T	6.0607	97.19531250	2332	0
TREASURY NOTES	5.1250	11/30/98	07/31/95	1,250,000.00	1,212,109.38	T	6.1419	96.96875000	2336	0
TREASURY NOTE	5.1250	11/30/98	08/03/95	200,000.00	194,093.75	T	6.1170	97.04687500	2341	0
TREASURY NOTE	5.1250	11/30/98	08/25/95	2,900,000.00	2,816,398.44	T	6.1080	97.03125000	2359	0
FNR 1993-214 E	5.5000	10/31/99	05/19/94	2,800,000.00	2,541,000.00	CMO	7.5674	90.75000000	1991	0
FHR 1614 G	5.8000	10/31/99	11/16/94	2,060,000.00	1,851,425.00	CMO	8.3774	89.87500000	2140	0
TOTALS				58,985,918.59	57,902,882.65					

WEIGHTED AVE. YTM 6.4759

WEIGHTED AVE. DAYS 668

RUN DATE: 09/06/95

RUN TIME: 16:10:41

OUTSTANDING PAPER BY MATURITY DATE
Nicholas Applegate
AS OF THE DATE OF 08/31/95

AGING OF OUTSTANDING MATURITY AMOUNTS

1 TO 7 DAYS	968,809.00
8 TO 15 DAYS	.00
16 TO 30 DAYS	.00
31 TO 45 DAYS	.00
46 TO 60 DAYS	.00
61 TO 90 DAYS	.00
91 TO 120 DAYS	.00
121 TO 150 DAYS	.00
151 TO 180 DAYS	3,495,390.19
181 TO 210 DAYS	25,961,719.40
211 TO 240 DAYS	.00
241 TO 270 DAYS	.00
271 TO 365 DAYS	.00
TOTAL LESS THAN 1 YEAR	30,425,918.59
1 < YEARS <= 2	1,000,000.00
2 < YEARS <= 3	.00
3 < YEARS <= 4	22,700,000.00
4 < YEARS <= 5	4,860,000.00
5 < YEARS <= 6	.00
TOTAL 1 THRU 5 YEARS	28,560,000.00
6 TO 10 YEARS	.00
11 TO 15 YEARS	.00
16 TO 20 YEARS	.00
21 TO 25 YEARS	.00
OVER 25 YEARS	.00
TOTAL GREATER THAN 6 YEARS	.00
GRAND TOTAL OUTSTANDING	58,985,918.59

DISTRIBUTION OF ASSETS

TREASURY ISSUES	47,200,000.00	80.01 %
AGENCY ISSUES	.00	.00 %
MORTGAGE BACKED	10,817,109.59	18.33 %
CERT. OF DEPOSIT	.00	.00 %
REPURCHASE AGREEM'TS	.00	.00 %
MONEY MARKET ACCOUNT	968,809.00	1.64 %
VARIABLE RATE	.00	.00 %
CORPORATE	.00	.00 %
OTHER	.00	.00
TOTAL PAR AMOUNT	58,985,918.59	

RUN DATE: 09/08/95

RUN TIME: 12:27:40

OUTSTANDING PAPER BY MATURITY DATE
Smith Graham & Company
AS OF THE DATE OF 08/31/95

PAGE 1

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	PAR VALUE	COST	TYPE	YTM COST	PRICE	NO.	
TEXAS COMMERCE MMA	5.0100	09/01/95	08/31/95	701,146.00	701,146.00	MMA	5.0100	100.00000000		
TREASURY BILL	5.4300	10/19/95	08/16/95	7,200,000.00	7,130,496.00	T	5.5600	.00000000	2347	0
TREASURY NOTE	3.8750	10/31/95	02/01/95	1,357,000.00	1,329,011.88	T	6.7560	97.93750000	2212	0
TREASURY BILL	5.3850	11/09/95	07/31/95	150,000.00	147,733.81	B	5.5580	.00000000	2340	0
TREASURY NOTE	4.2500	12/31/95	02/01/95	6,100,000.00	5,957,984.60	T	6.9230	97.67188000	2213	0
TREASURY NOTE	5.8750	05/31/96	06/13/94	6,745,000.00	6,756,592.97	T	5.7900	100.17187500	2019	0
FHR 1648 HA	6.0000	07/31/96	07/01/94	2,408,242.17	2,355,185.58	CMO	7.1610	97.79687500	2038	13
TREASURY NOTE	6.5000	05/15/97	02/17/95	650,000.00	641,265.63	T	7.1600	98.64062500	2220	0
TREASURY NOTE	6.5000	05/15/97	03/06/95	10,773,000.00	10,700,618.91	T	6.8300	99.32812500	2238	0
TREASURY NOTE	7.2500	02/15/98	05/08/95	3,125,000.00	3,195,800.78	T	6.3400	102.26562500	2281	0
TREASURY NOTE	7.2500	02/15/98	05/10/95	2,459,000.00	2,519,514.45	T	6.2600	102.46093750	2286	0
TREASURY NOTE	7.2500	02/15/98	06/07/95	3,594,000.00	3,746,745.00	T	5.5700	104.25000000	2300	0
TREASURY NOTE	5.7500	08/15/03	02/03/95	2,090,000.00	1,842,139.00	T	7.6680	88.14063000	2214	0
TOTALS				47,352,388.17	47,024,234.61					

WEIGHTED AVE. YTM 6.3562

WEIGHTED AVE. DAYS 525

RUN DATE: 09/08/95

RUN TIME: 12:27:40

OUTSTANDING PAPER BY MATURITY DATE
Smith Graham & Company
AS OF THE DATE OF 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	PAR VALUE	COST	TYPE	YTM COST	PRICE	NO.	
TEXAS COMMERCE MMA	5.0100	09/01/95	08/31/95	701,146.00	701,146.00	MMA	5.0100	100.00000000		
TREASURY BILL	5.4300	10/19/95	08/16/95	7,200,000.00	7,130,496.00	T	5.5600	.00000000	2347	0
TREASURY NOTE	3.8750	10/31/95	02/01/95	1,357,000.00	1,329,011.88	T	6.7560	97.93750000	2212	0
TREASURY BILL	5.3850	11/09/95	07/31/95	150,000.00	147,733.81	B	5.5580	.00000000	2340	0
TREASURY NOTE	4.2500	12/31/95	02/01/95	6,100,000.00	5,957,984.60	T	6.9230	97.67188000	2213	0
TREASURY NOTE	5.8750	05/31/96	06/13/94	6,745,000.00	6,756,592.97	T	5.7900	100.17187500	2019	0
FHR 1648 HA	6.0000	07/31/96	07/01/94	2,408,242.17	2,355,185.58	CMO	7.1610	-97.79687500	2038	13
TREASURY NOTE	6.5000	05/15/97	02/17/95	650,000.00	641,265.63	T	7.1600	98.64062500	2220	0
TREASURY NOTE	6.5000	05/15/97	03/06/95	10,773,000.00	10,700,618.91	T	6.8300	99.32812500	2238	0
TREASURY NOTE	7.2500	02/15/98	05/08/95	3,125,000.00	3,195,800.78	T	6.3400	102.26562500	2281	0
TREASURY NOTE	7.2500	02/15/98	05/10/95	2,459,000.00	2,519,514.45	T	6.2600	102.46093750	2286	0
TREASURY NOTE	7.2500	02/15/98	06/07/95	3,594,000.00	3,746,745.00	T	5.5700	104.25000000	2300	0
TREASURY NOTE	5.7500	08/15/03	02/03/95	2,090,000.00	1,842,139.00	T	7.6680	88.14063000	2214	0
TOTALS				47,352,388.17	47,024,234.61					

WEIGHTED AVE. YTM 6.3562

WEIGHTED AVE. DAYS 525

2-52

OUTSTANDING PAPER BY MATURITY DATE
Smith Graham & Company
AS OF THE DATE OF 08/31/95

NDING MATURITY AMOUNTS

7 DAYS	701,146.00
15 DAYS	.00
30 DAYS	.00
45 DAYS	.00
60 DAYS	7,200,000.00
90 DAYS	1,507,000.00
20 DAYS	.00
50 DAYS	6,100,000.00
80 DAYS	.00
210 DAYS	.00
240 DAYS	.00
270 DAYS	.00
365 DAYS	9,153,242.17
1 YEAR	24,661,388.17
ARS <= 2	11,423,000.00
ARS <= 3	9,178,000.00
ARS <= 4	.00
ARS <= 5	.00
ARS <= 6	.00
YEARS	20,601,000.00
10 YEARS	2,090,000.00
15 YEARS	.00
20 YEARS	.00
25 YEARS	.00
25 YEARS	.00
HAN 6 YEARS	2,090,000.00
STANDING	47,352,388.17

DISTRIBUTION OF ASSETS

TREASURY ISSUES	44,243,000.00	93.43 %
AGENCY ISSUES	.00	.00 %
MORTGAGE BACKED	2,408,242.17	5.08 %
CERT. OF DEPOSIT	.00	.00 %
REPURCHASE AGREEM'TS	.00	.00 %
MONEY MARKET ACCOUNT	701,146.00	1.48 %
VARIABLE RATE	.00	.00 %
CORPORATE	.00	.00 %
OTHER	.00	.00
TOTAL PAR AMOUNT	47,352,388.17	

RUN DATE: 09/06/95

RUN TIME: 14:59:46

REALIZED GAIN OR LOSS ON COST
METRO Investment Portfolio
AS OF THE TIME PERIOD 08/01/95 to 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	SALE DATE	PAR VALUE	PRINCIPAL BOUGHT	PRINCIPAL SOLD	AMORTIZATION TO DATE	GAIN/LOSS ON COST	NO.
FHLB STEP-UP	7.0000	08/16/99	05/10/95	08/16/95	3,500,000.00	3,505,468.75	3,500,000.00	388.89	-5,068.86	2283
TREASURY NOTE	3.8750	08/31/95	09/15/93	08/31/95	10,000,000.00	10,010,937.50	10,000,000.00	.00	.00	1716
TREASURY NOTE	3.8750	08/31/95	09/07/94	08/31/95	5,000,000.00	4,920,703.13	5,000,000.00	.00	.00	2095
TOTALS					18,500,000.00	18,437,109.38	18,500,000.00	388.89	-5,068.86	

NOTE: This report calculates the difference between the sale price of the security and it's cost, adjusted for the amount of amortization of discount or premium that has been taken. The gain or loss shown on this report is what the accountants show on the books.

Note: Treasury notes 3.875 / 8/95 matured on 8-31-95 -
No gain/loss on cost.
[illegible signature]

RUN DATE: 09/06/95

RUN TIME: 14:49:38

REALIZED GAIN OR LOSS ON MARKET
METRO Investment Portfolio
AS OF THE TIME PERIOD 08/01/95 to 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	SALE DATE	PAR VALUE	PRIOR MONTH MARKET PRICE	SALE PRICE	GAIN/LOSS ON MARKET	NO.	SUF
FHLB STEP-UP	7.0000	08/16/99	05/10/95	08/16/95	3,500,000.00	100.04000000	100.00000000	-1,400.00	2283	0
TREASURY NOTE	3.8750	08/31/95	09/15/93	08/31/95	10,000,000.00	99.84375000	100.00000000	15,625.00	1716	0
TREASURY NOTE	3.8750	08/31/95	09/07/94	08/31/95	5,000,000.00	99.84375000	100.00000000	7,812.50	2095	0
TOTALS					18,500,000.00			22,037.50		

NOTE: This report calculates the difference between the sale price of the security and it's market value on the last day of the preceding month. The gain or loss calculated is included in the monthly total return calculation.

RUN DATE: 09/06/95 MARKET VALUE AND UNREALIZED GAIN/LOSS REPORT PAGE 1

METRO Investment Portfolio

RUN TIME: 14:39:47 AS OF THE DATE OF 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE	PRIOR DATE	PRIOR PRICE	CURRENT DATE	CURRENT PRICE	CURRET MARKET VALUE	UNREALIZED GAIN/LOSS	PERCENT CHANGE	MARKET YTM	NO.	
FIRST CITY MMA	5.0100	09/01/95	9,712,848.85					9,712,848.85	.00		5.01		
REPO	5.8500	09/01/95	20,000,000.00	08/31/95	100.00000	08/31/95	100.00000	20,000,000.00	.00	.00	5.93	2354	0
COMPASS BANK CD	5.8800	09/18/95	5,000,000.00	07/31/95	100.00000	08/31/95	100.00000	5,000,000.00	.00	.00	5.96	2312	0
TANGLEWOOD BANK CD	5.7000	10/05/95	2,000,000.00	07/31/95	100.00000	08/31/95	100.00000	2,000,000.00	.00	.00	5.78	2327	0
METRO CD	6.2500	10/10/95	513,808.21	07/31/95	100.00000	08/31/95	100.00000	513,808.21	.00	.00	6.25	2268	0
TREASURY NOTE	3.8750	10/31/95	10,000,000.00	07/31/95	99.56250	08/31/95	99.75000	9,975,000.00	18,750.00	.18	5.35	1761	0
FHG 42 A	8.0000	11/17/95	2,863,204.50	07/31/95	100.84375	08/31/95	100.75000	2,884,678.53	-2,684.25	-.09	6.23	2103	10
SUNBELT CD	5.9000	12/11/95	500,000.00	07/31/95	100.00000	08/31/95	100.00000	500,000.00	.00	.00	5.98	2313	0
SUNBELT CD	5.9000	12/18/95	500,000.00	07/31/95	100.00000	08/31/95	100.00000	500,000.00	.00	.00	5.98	2314	0
FFCB FLOATER	5.8300	12/21/95	1,000,000.00	07/31/95	100.07813	08/31/95	100.03125	1,000,312.50	-468.80	-.04	5.75	1457	2
FNR 93-94 B	4.8500	12/31/95	8,897,657.70	07/31/95	99.06250	08/31/95	99.12500	8,819,803.19	5,561.03	.06	6.15	2308	2
FNMA 2 YR CMT FLOATER	4.9500	01/25/96	10,000,000.00	07/31/95	99.45000	08/31/95	99.50000	9,950,000.00	5,000.00	.05	6.10	2002	62
FNMA 2 YR CMT FLOATER	4.9500	01/25/96	10,000,000.00	07/31/95	99.45000	08/31/95	99.50000	9,950,000.00	5,000.00	.05	6.10	2008	61
ASIAN AMERICAN CD	5.7000	01/29/96	1,300,000.00	07/31/95	100.00000	08/31/95	100.00000	1,300,000.00	.00	.00	5.78	2338	0
TREASURY NOTE	7.5000	01/31/96	10,000,000.00	07/31/95	100.87500	08/31/95	100.75000	10,075,000.00	-12,500.00	-.12	5.60	1561	0
FHR 1250 E	7.0000	01/31/96	2,620,224.00	07/31/95	99.90625	08/31/95	100.12500	2,623,499.28	5,731.74	.21	6.23	2278	3
FANNIE COUPON	6.7200	02/28/96	5,000,000.00	07/31/95	100.55000	08/31/95	100.58000	5,029,000.00	1,500.00	.02	5.65	2261	0
TREASURY NOTE	4.2500	05/15/96	25,000,000.00	07/31/95	98.84375	08/31/95	99.00000	24,750,000.00	39,062.50	.15	5.70	1588	0
FNR 91-99 G	7.5000	06/30/96	2,000,000.00	08/21/95	100.31250	08/31/95	100.50000	2,010,000.00	3,750.00	.18	6.25	2346	0
TREASURY NOTE	7.2500	08/31/96	9,000,000.00	07/31/95	101.46875	08/31/95	101.43750	9,129,375.00	-2,812.50	-.03	5.74	1266	0
FHR 1741 BA	6.1000	12/31/96	3,981,002.50	07/31/95	99.21875	08/31/95	99.53125	3,962,341.55	12,440.63	.31	6.32	2079	12
TREASURY NOTE	4.7500	02/15/97	10,000,000.00	07/31/95	98.40625	08/31/95	98.40625	9,840,625.00	.00	.00	5.91	2334	0
TREASURY NOTE	6.1250	05/31/97	10,000,000.00	07/31/95	100.37500	08/31/95	100.43750	10,043,750.00	6,250.00	.06	5.85	2319	0
FNMA CALLABLE	7.2600	10/16/97	4,625,000.00	07/31/95	100.30000	08/31/95	100.12500	4,630,781.25	-8,093.75	-.17	5.65	2299	0
FHLB STEP UP NOTE	5.8500	04/19/99	5,000,000.00	07/31/95	99.48000	08/31/95	99.70000	4,985,000.00	11,000.00	.22	6.30	1942	1
TREASURY NOTE	6.3750	01/15/00	10,000,000.00	07/31/95	100.71875	08/31/95	100.71875	10,071,875.00	.00	.00	6.18	1719	0
FHLB CALLABLE NOTE	8.0600	03/21/00	1,000,000.00	07/31/95	100.30000	08/31/95	100.09375	1,000,937.50	-2,062.50	-.20	5.65	2279	0
TREASURY STRIP	.0000	11/15/01	15,000,000.00	07/31/95	67.08000	08/31/95	68.11000	10,216,500.00	154,500.00	1.53	6.21	1743	0
TREASURY NOTE	6.2500	02/15/03	5,000,000.00	07/31/95	99.09375	08/31/95	99.93750	4,996,875.00	42,187.50	.85	6.26	1676	0
TREASURY NOTE	6.2500	02/15/03	10,000,000.00	07/31/95	99.09375	08/31/95	99.93750	9,993,750.00	84,375.00	.85	6.26	1681	0
TOTALS			210,513,745.76					205,465,760.86	366,486.60		5.65		

METRO Investment Portfolio

RUN TIME:13:56:20 For The Time Period of 08/01/95 to 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	SALE DATE	PAR VALUE	BASIS	INTEREST EARNED	TYPE	NO.	
REPO	5.7800	08/02/95	07/31/95	/ /	25,000,000.00	360	4,013.88	REPO	2337	0
REPO	5.7600	08/07/95	08/02/95	/ /	21,000,000.00	360	16,800.00	REPO	2339	0
REPO	5.7700	08/09/95	08/07/95	/ /	18,000,000.00	360	5,770.00	REPO	2342	0
REPO	5.7400	08/14/95	08/09/95	/ /	15,000,000.00	360	11,958.33	REPO	2344	0
REPO	5.8000	08/21/95	08/14/95	/ /	14,000,000.00	360	15,788.88	REPO	2345	0
REPO	5.7400	08/21/95	08/16/95	/ /	5,000,000.00	360	3,986.11	REPO	2349	0
REPO	5.7400	08/23/95	08/21/95	/ /	14,000,000.00	360	4,464.44	REPO	2350	0
REPO	5.6750	08/28/95	08/23/95	/ /	11,000,000.00	360	8,670.13	REPO	2351	0
REPO	5.7500	08/30/95	08/28/95	/ /	4,000,000.00	360	1,277.77	REPO	2352	0
TREASURY NOTE	3.8750	08/31/95	09/15/93	08/31/95	10,000,000.00	365	31,849.31	T	1716	0
TREASURY NOTE	3.8750	08/31/95	09/07/94	08/31/95	5,000,000.00	365	15,924.65	T	2095	0
REPO	5.7500	08/31/95	08/30/95	/ /	5,000,000.00	360	798.61	REPO	2353	0
REPO	5.8500	09/01/95	08/31/95	/ /	20,000,000.00	360	3,250.00	REPO	2354	0
COMPASS BANK CD	5.8800	09/18/95	06/20/95	/ /	5,000,000.00	360	24,500.00	CD	2312	0
TANGLEWOOD BANK CD	5.7000	10/05/95	07/06/95	/ /	2,000,000.00	360	9,500.00	CD	2327	0
METRO CD	6.2500	10/10/95	04/12/95	/ /	513,808.21	360	2,676.08	CD	2268	0
TREASURY NOTE	3.8750	10/31/95	11/01/93	/ /	10,000,000.00	365	32,910.95	T	1761	0
FHG 42 A	8.0000	11/17/95	10/28/94	/ /	2,863,204.50	360	19,088.03	CMO	2103	10
SUNBELT CD	5.9000	12/11/95	06/14/95	/ /	500,000.00	360	2,458.33	CD	2313	0
SUNBELT CD	5.9000	12/18/95	06/19/95	/ /	500,000.00	360	2,458.33	CD	2314	0
FFCB FLOATER	5.8300	12/21/95	12/21/93	/ /	1,000,000.00	365	4,951.50	FLTR	1457	2
FNR 93-94 B	4.8500	12/31/95	06/15/95	/ /	8,897,657.70	360	35,961.36	CMO	2308	2
FNMA 2 YR CMT FLOATER	4.8600	01/25/96	05/31/94	/ /	10,000,000.00	360	4,050.00	FLTR	2002	58
FNMA 2 YR CMT FLOATER	4.8600	01/25/96	05/31/94	/ /	10,000,000.00	360	4,050.00	FLTR	2008	57
FNMA 2 YR CMT FLOATER	4.9400	01/25/96	05/31/94	/ /	10,000,000.00	360	9,605.55	FLTR	2002	59
FNMA 2 YR CMT FLOATER	4.9400	01/25/96	05/31/94	/ /	10,000,000.00	360	9,605.55	FLTR	2008	58
FNMA 2 YR CMT FLOATER	4.9100	01/25/96	05/31/94	/ /	10,000,000.00	360	9,547.22	FLTR	2002	60
FNMA 2 YR CMT FLOATER	4.9100	01/25/96	05/31/94	/ /	10,000,000.00	360	9,547.22	FLTR	2008	59
FNMA 2 YR CMT FLOATER	4.9500	01/25/96	05/31/94	/ /	10,000,000.00	360	9,625.00	FLTR	2002	61
FNMA 2 YR CMT FLOATER	4.9500	01/25/96	05/31/94	/ /	10,000,000.00	360	9,625.00	FLTR	2008	60
FNMA 2 YR CMT FLOATER	5.1000	01/25/96	05/31/94	/ /	10,000,000.00	360	9,916.66	FLTR	2002	62
FNMA 2 YR CMT FLOATER	5.1000	01/25/96	05/31/94	/ /	10,000,000.00	360	9,916.66	FLTR	2008	61
ASIAN AMERICAN CD	5.7000	01/29/96	07/31/95	/ /	1,300,000.00	360	6,175.00	CD	2338	0
TREASURY NOTE	7.5000	01/31/96	04/29/93	/ /	10,000,000.00	365	63,698.63	T	1561	0

RUN DATE:09/11/95

RUN TIME:13:56:29

INTEREST EARNINGS

METRO Investment Portfolio

For The Time Period of 08/01/95 to 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	SALE DATE	PAR VALUE	BASIS	INTEREST EARNED	TYPE	NO.	
FHR 1250 E	7.0000	01/31/96	05/08/95	/ /	2,620,224.00	360	15,284.64	CMO	2278	3
FANNIE COUPON	6.7200	02/28/96	03/29/95	/ /	5,000,000.00	360	28,000.00	A	2261	0
TREASURY NOTE	4.2500	05/15/96	05/17/93	/ /	25,000,000.00	365	90,239.72	T	1588	0
TREASURY NOTE	7.2500	08/31/96	01/30/92	/ /	9,000,000.00	365	55,417.80	T	1266	0
FHR 1741 BA	6.1000	12/31/96	08/30/94	/ /	3,981,002.50	360	20,236.76	CMO	2079	12
TREASURY NOTE	4.7500	02/15/97	07/26/95	/ /	10,000,000.00	365	40,342.46	T	2334	0
TREASURY NOTE	6.1250	05/31/97	06/27/95	/ /	10,000,000.00	365	52,020.54	T	2319	0
FNMA CALLABLE	7.2600	10/16/97	06/05/95	/ /	4,625,000.00	360	27,981.25	A	2299	0
FHLB STEP UP NOTE	5.8500	04/19/99	04/19/94	/ /	5,000,000.00	360	24,375.00	FLTR	1942	1
FHLB STEP-UP	7.0000	08/16/99	05/10/95	08/16/95	3,500,000.00	360	10,208.33	FLTR	2283	0
TREASURY NOTE	6.3750	01/15/00	09/20/93	/ /	10,000,000.00	365	54,143.83	T	1719	0
FHLB CALLABLE NOTE	8.0600	03/21/00	05/08/95	/ /	1,000,000.00	360	6,716.66	A	2279	0
TREASURY STRIP	.0000	11/15/01	10/18/93	/ /	15,000,000.00	365	53,620.01	B	1743	0
TREASURY NOTE	6.2500	02/15/03	08/05/93	/ /	5,000,000.00	365	26,541.09	T	1676	0
TREASURY NOTE	6.2500	02/15/03	08/09/93	/ /	10,000,000.00	365	53,082.19	T	1681	0
GRAND TOTAL INTEREST FOR PERIOD							972,629.64			

RUN DATE: 08/25/95

AMORTIZATION OF DISCOUNT/PREMIUM
METRO Investment Portfolio
For The Time Period Of 08/01/95 to 08/31/95

RUN TIME: 11:39:57

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	PAR VALUE	COST	BEGINNING BAL DISCOUNT/PREM	AMORTIZATION AMOUNT	ENDING BAL DISCOUNT/PREM	AMORTIZATION TO DATE	NO.
TREASURY NOTE	3.8750	08/31/95	09/15/93	10,000,000.00	10,010,937.50	458.93	458.92	.01	10,937.49	1716- 0
TREASURY NOTE	3.8750	08/31/95	09/07/94	5,000,000.00	4,920,703.13	-6,644.99	-6,644.99	.00	-79,296.87	2095- 0
TREASURY NOTE	3.8750	10/31/95	11/01/93	10,000,000.00	9,988,600.00	-1,423.06	-484.77	-938.29	-10,461.71	1761- 0
FHG 42 A	8.0000	11/17/95	10/28/94	2,863,204.50	2,904,810.44	30,989.40	3,350.09	27,639.31	13,966.63	2103-10
FNR 93-94 B	4.8500	12/31/95	06/15/95	8,897,657.70	8,803,120.09	-81,585.46	-14,726.96	-66,858.50	-27,679.11	2308- 2
FNMA 2 YR CMT FLOATER	5.1500	01/25/96	05/23/94	10,000,000.00	10,007,030.00	7,030.00	.00	7,030.00	.00	2002- 0
FNMA 2 YR CMT FLOATER	4.8500	01/25/96	05/31/94	10,000,000.00	10,007,700.00	7,700.00	.00	7,700.00	.00	2008- 0
TREASURY NOTE	7.5000	01/31/96	04/29/93	10,000,000.00	10,839,062.50	152,480.99	25,830.13	126,650.86	712,411.64	1561- 0
FHR 1250 E	7.0000	01/31/96	05/08/95	2,620,224.00	2,619,814.59	-336.07	-47.36	-288.71	-120.70	2278- 3
FANNIE COUPON	6.7200	02/28/96	03/29/95	5,000,000.00	5,010,156.25	6,377.89	937.03	5,440.86	4,715.39	2261- 0
TREASURY NOTE	4.2500	05/15/96	05/17/93	25,000,000.00	24,988,281.25	-3,084.92	-332.07	-2,752.85	-8,965.90	1588- 0
FNR 91-99 G	7.5000	06/30/96	08/21/95	2,000,000.00	2,006,250.00	6,250.00	218.95	6,031.05	218.95	2346- 0
TREASURY NOTE	7.2500	08/31/96	01/30/92	9,000,000.00	9,331,875.00	78,461.22	6,142.16	72,319.06	259,555.94	1266- 0
FHR 1741 BA	6.1000	12/31/96	08/30/94	3,981,002.50	3,916,933.24	-50,332.40	-2,325.70	-48,006.70	-16,062.56	2079-12
TREASURY NOTE	4.7500	02/15/97	07/26/95	10,000,000.00	9,825,000.00	-173,157.89	-9,517.54	-163,640.35	-11,359.65	2334- 0
TREASURY NOTE	6.1250	05/31/97	06/27/95	10,000,000.00	10,080,468.75	76,468.17	3,543.37	72,924.80	7,543.95	2319- 0
FNMA CALLABLE	7.2600	10/16/97	06/05/95	4,625,000.00	4,640,898.44	14,849.58	570.43	14,279.15	1,619.29	2299- 0
FHLB STEP UP NOTE	5.7000	04/19/99	04/19/94	5,000,000.00	4,993,750.00	-3,219.85	-106.11	-3,113.74	-3,136.26	1942- 0
FHLB STEP-UP	7.0000	08/16/99	05/10/95	3,500,000.00	3,505,468.75	5,177.60	108.74	5,068.86	399.89	2283- 0
TREASURY NOTE	6.3750	01/15/00	09/20/93	10,000,000.00	10,679,687.50	479,432.96	9,129.25	470,303.71	209,383.79	1719- 0
FHLB CALLABLE NOTE	8.0600	03/21/00	05/08/95	1,000,000.00	1,005,000.00	4,761.10	87.13	4,673.97	326.03	2279- 0
TREASURY STRIP	.0000	11/15/01	10/18/93	15,000,000.00	9,897,450.00	-3,974,799.93	-53,620.02	-3,921,179.91	-1,181,370.09	1743- 0
TREASURY NOTE	6.2500	02/15/03	08/05/93	5,000,000.00	5,151,562.50	119,952.46	1,349.74	118,602.72	32,959.78	1676- 0
TREASURY NOTE	6.2500	02/15/03	08/09/93	10,000,000.00	10,296,875.00	235,228.76	2,646.86	232,581.90	64,293.10	1681- 0
SUBTOTALS						-3,068,965.51	-33,432.72	-3,035,532.79	-20,120.98	
LESS DISC./PREMIUM PURCHASED AND SOLD						6,250.00	-6,186.07	.00	-68,359.38	
TOTALS						-3,075,215.51	-27,246.65	-3,035,532.79	48,238.40	

RUN DATE: 08/25/95

RUN TIME: 11:40:06

AMORTIZATION OF DISCOUNT/PREMIUM
METRO Investment Portfolio
For The Time Period Of 08/01/95 to 08/31/95

SECURITY DESCRIPTION	COUPON	MATURITY DATE	PURCHASE DATE	PAR VALUE	COST	BEGINNING BAL DISCOUNT/PREM	AMORTIZATION AMOUNT	ENDING BAL DISCOUNT/PREM	AMORTIZATION TO DATE	NO.

TOTAL PREMIUM AMORTIZED FOR PERIOD	-54,372.80
TOTAL DISCOUNT AMORTIZED FOR PERIOD	87,805.52
NET AMORTIZATION FOR PERIOD	33,432.72
ENDING BALANCE PREMIUM	1,156,516.26
ENDING BALANCE DISCOUNT	-4,206,779.05
PREMIUM PURCHASED IN PERIOD	6,250.00
DISCOUNT PURCHASED IN PERIOD	.00
PREMIUM SOLD IN PERIOD	.00
DISCOUNT SOLD IN PERIOD	.00

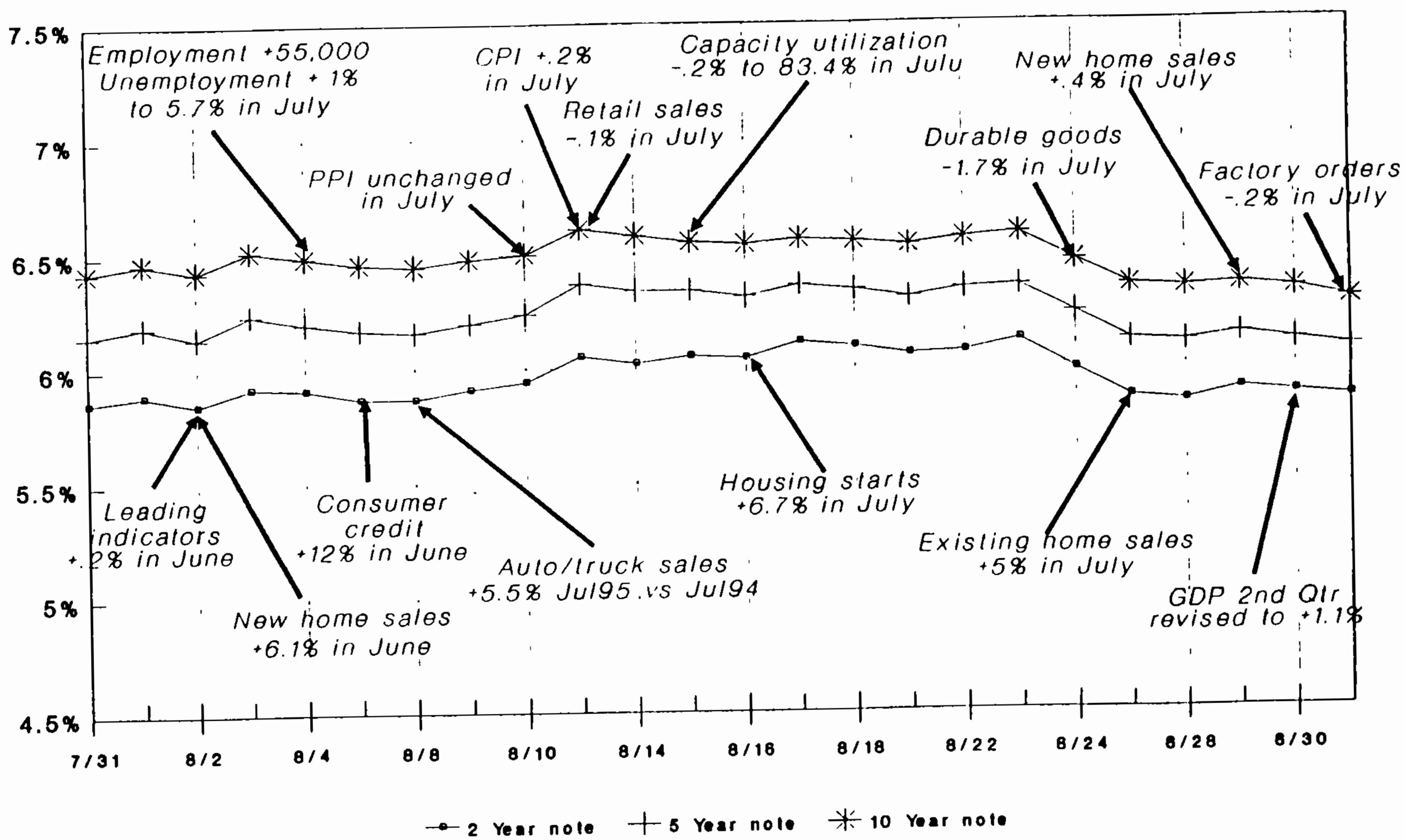
ECONOMIC INDICATORS

Printed 09/11/95

DATE	DURABLE GOODS (DGNOTOT)	LEADING INDICAT'S (LEI)	HOUSING STARTS (NHSPSTOT)	NEW HOME SALES (NHSLTOT)	EXISTING HOME SLS (EHSLSL)	30 YEAR MRTGE (NMCMFUS)	CPI (CPI CHNG)	CORE CP1 (CPUAXFE)	PPI (PPI CHNG)	CORE PP1 (PXFE)	Cons Crdt (CCOSTOT)
3/94	0 70%	0 70%	1,519	722	4,070	8 04	0 30%	0 30%	0 20%	0 20%	811,067
4/94	0 30%	0 00%	1,471	673	4,120	8 32	0 10%	0 20%	-0 10%	0 10%	821,203
5/94	1 40%	0 10%	1,491	692	4,110	8 53	0 20%	0 30%	-0 10%	0 40%	832,173
6/94	1 20%	0 20%	1,358	628	3,960	8.57	0 30%	0.30%	0 00%	-0.10%	842,293
7/94	-4 30%	0 00%	1,439	630	3,970	8 57	0 30%	0 20%	0.50%	0.10%	849,930
8/94	6 50%	0 50%	1,463	672	3,930	8 56	0 30%	0 30%	0 60%	0.40%	863,484
9/94	0.30%	0 00%	1,509	691	3,890	8 82	0 20%	0 20%	-0.50%	0.10%	873,606
10/94	-1 50%	-0 10%	1,436	707	3,910	9 03	0 10%	0 20%	-0 50%	-0.50%	882,210
11/94	3 40%	0 30%	1,536	642	3,690	9 23	0 30%	0 20%	0 60%	0.10%	895,627
12/94	1 90%	0 10%	1,545	627	3,760	9.18	0 20%	0 10%	0 40%	0.30%	902,853
1/95	1 40%	0 00%	1,366	643	3,610	9 13	0 30%	0 40%	0.30%	0 20%	914,260
2/95	-0 70%	-0 30%	1,319	575	3,420	8 53	0 30%	0 30%	0.30%	0 30%	918,968
3/95	-0 20%	-0 50%	1,238	612	3,620	8 38	0.20%	0 30%	0 00%	0 10%	933,717
4/95	-4.60%	-0 60%	1,269	610	3,390	8 26	0.40%	0.40%	0 50%	0.30%	945,239
5/95	2 50%	-0 20%	1,282	671	3,550	7 71	0.30%	0 20%	0 00%	0 30%	959,593
6/95	-0 30%	0 20%	1,296	712	3,800	7 53	0 10%	0.20%	-0.10%	0 20%	970,741
7/95	-1.70%	-0.20%	1,380	715	3,990	7 79	0.20%	0.20%	0.00%	0.20%	979,559
8/95											

DATE	PERSONAL INCOME (PITL)	PERSONAL SPENDING (PIDSDI)	RETAIL SALES (RSDRTOT)	NONFARM UNEMPLOY. (ESCPUNER)	NONFARM EMPLOY (NFP T)	DOMEST. CAR SALES (TDASDCAR)	DOMEST. TRUCK	M2 (M2 INDEX)	CONSUMER CONFID. (consconf)	QTRLY GDP	JOC (1) (JOCIINDX)
3/94	0 60%	0 70%	1.80%	6.50%	379	695	538	3,598	86 7	3.30%	97.4
4/94	0.50%	-0.20%	-1 00%	6 40%	401	632	497	3,605	92 1		98.8
5/94	0 40%	0.40%	0 00%	6.00%	252	655	511	3,609	88.9		101.5
6/94	0 20%	0 60%	0 90%	6 00%	383	694	542	3,605	92 5	4 10%	102.3
7/94	0.50%	0.30%	0 00%	6 10%	290	557	450	3,617	91.3		104.7
8/94	0 40%	0.90%	1 40%	6 10%	290	597	476	3,613	90.4		107.0
9/94	0 60%	0 20%	0 50%	5 90%	272	593	447	3,612	89 5	4.00%	108.3
10/94	1 40%	0.70%	1 20%	5 80%	162	598	488	3,608	89.1		108.3
11/94	0.00%	0.70%	0 40%	5 60%	534	549	461	3,610	100.4		110.8
12/94	0.70%	0.10%	0 20%	5 40%	231	562	463	3,614	103 4	5 10%	113 4
1/95	0.70%	0.70%	0 60%	5.70%	169	468	392	3,625	101.4		114 7
2/95	0.50%	-0.20%	-1.00%	5 40%	355	526	424	3,621	99.4		112.8
3/95	0.50%	0.70%	0.80%	5 50%	177	645	538	3,640	100.2	2.70%	113.1
4/95	0.20%	0.00%	-0.70%	5 80%	8	553	469	3,652	104.6		115.1
5/95	-0.20%	1.10%	1 10%	5 70%	(104)	663	536	3,667	102 0		114.0
6/95	0.50%	0 50%	0 80%	5.60%	299	690	557	3,699	94.6	1 10%	115 1
7/95	0.70%	0.20%	-0.10%	5 70%	6	585	477	3,720	101 4		113 5
8/95				5.60%	249				101 0		

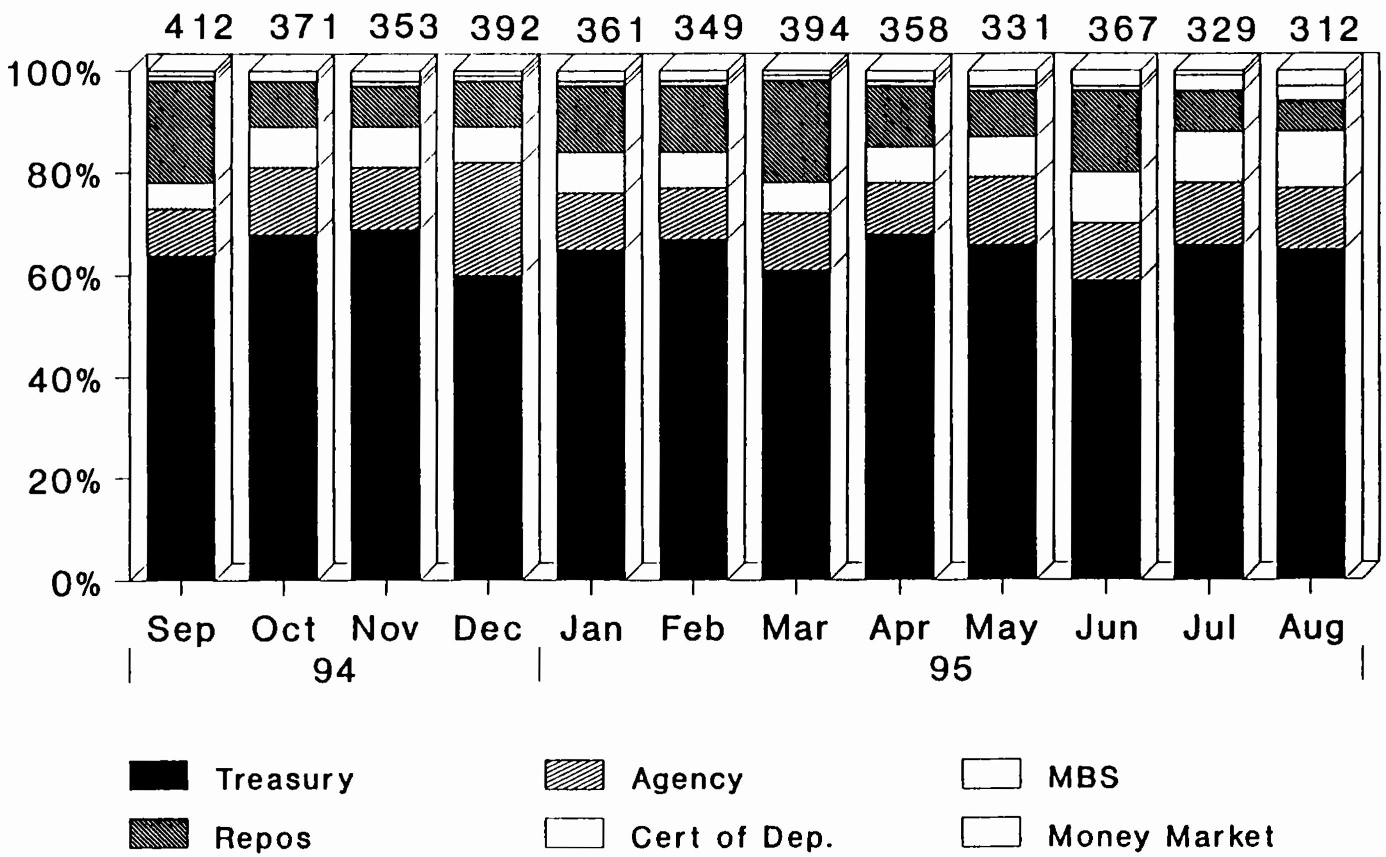
Treasury Yields
Jul 31, 1995 to Aug 31, 1995



2-62

ASSET ALLOCATION

Amount Invested in Millions



3. Bank Relations

3. BANK RELATIONS

Transit agencies should seek to maintain a minimum number of bank accounts with banks whose principal branches are located in the service area.

Periodically the agency should issue a request for proposal outlining the requested scope of banking services desired. The banking services are competitively bid for a specified contract term with provision for a renewal option. The Finance Committee of the Board of Directors approves the bank selected. Exhibit 3.1 (page 3-1) shows a Request for Proposal for Services Using Compensating Balances. Exhibit 3.2 (page 3-20) shows a Sample Contract for Banking Services Using a Fee Based Arrangement.

One of the primary specifications of the banking relationships should be to have deposits that exceed the federal deposit insurance collateralized in full by securities guaranteed by the Federal government or agency, or the state where the transit agency operates.

Transit agencies should build a banking relationship which allows the agency to rely on local banks to provide interim financing when necessary to bridge the refinancing of long-term indebtedness. This action generally requires approval of the Board Finance Committee and the Board of Directors.

Scope of Banking Services. The most complex banking relationship involves a transit agency managing cash flows using a concentration account and several zero-balance sub accounts, which are listed below:

- Payroll
- Accounts payable
- Workers' compensation
- Group health benefit plan (represented employees)
- Group health benefit plan (non-represented employees)

The zero-balance accounts function as the controlled disbursement accounts. All disbursements flow through one of the zero-balance accounts. Zero-balance accounts are reimbursed to cover checks presented for payment that day. All other money remains in the concentration account. Transfers between the concentration account and the zero-balance accounts are charged as transfers and not as deposits and checks paid.

On a daily basis, by 9:00 am, the bank notifies the Finance Department of the daily balance in the concentration account. Any balance in the concentration account at 5:00 pm is automatically invested in an open repurchase agreement by the bank. The automatic daily repurchase agreement states that the interest rate on the repurchase will be 1/8 of a percentage point below the Effective Federal Funds rate as reported by the New York Federal Reserve Bank. The automatic repurchase will not exceed some specified amount, (MARTA sets this at $2 million). The automatic repurchase agreement serves as a backup to transit agency's investment program. Most often, transit agency would initiate a repurchase agreement, (or any other short-term investment, to both capture the "highest" rate of interest and/or limit transaction costs).

The concentration account maintains a compensating balance to cover fees for all accounts and services the bank provides. Fare collection revenue is used to cover compensating balances. Compensating balances are frequently used to pay for banking services instead of fees because it is difficult to budget fees. It is also difficult to differentiate fees as operating or capital expenditures, adding to the budgeting problem. The monthly service charge for banking is assessed within 10 days after the close of the statement month and delivered to the transit agency. A designated bank account executive should be assigned to the agency's account, which is a requirement that is contained in the RFP for banking services. The transit agency should have the ability to establish a line of credit to handle emergency cash situations. The maximum value of this line of credit should be some multiple of monthly expenses.

Wire Transfers. The transit agency and the primary depository bank sign a wire transfer agreement stating the provisions of wire transfers. Incoming wire transfers comprised of principal and interest from a repurchase agreement are credited to the concentration account by 9:00 am and other incoming wires are credited as of that business day. Wire transfers are used when the value of the use of the funds is greater than the cost of the service.

Account Reconciliation. As a service for fee, a bank will conduct full reconciliation of all accounts. The transit agency provides the bank with monthly computer tapes of checks issued. The bank generates the following reports by bank account, including the check number, amount, date paid, and totals:

- Paid check list
- Outstanding checks listed in sequential order
- Void check list
- Reconciliation list identifying errors
- Stop payment list

Transit Coin and Bill Deposits. If performed internally, the transit agency counts the coins and bills, bags by denomination, and prepares the deposit slip for the bank. The bank through an armored car service picks up the unrolled bags of coin and currency. The coins are weighed to determine the reasonableness of the amount.

Collateral for Bank Deposits. Deposits are collateralized at the amount according to state statutes covering balances in all accounts in the bank. Forms of acceptable collateral are US government securities, treasury securities, and securities issued by the state where the transit agency is located. A list of collateralized securities is sent to the transit agency on a quarterly basis.

The bank may provide direct deposit services for payroll, at the option of the transit agency.

Armored Car Service. An armored car service is used to transport cash from the counting facility to the bank. Personnel from the armored car service load racks of coin into the armored car. The armored car picks-up at the counting facility and ridestores operated by the transit agency on a daily basis. For smaller transit operations, armored car service frequency may be limited to two or three pick-ups per week.

All deposits are sealed with a gridlock coin and currency bag seal and a tag attached denoting the content and value. The armored car service bears the responsibility for the deposit until it is signed for by the depository bank. The armored car personnel are rotated regularly to ensure security. The armored car service provides insurance to cover the revenue transportation process, counting and banking processes. The amount of insurance is enough to cover the amount of the daily pick-ups. The armored car service weighs the bags of coin at their location to approximate the accuracy of the coin deposit. Any variances are reported to the bank and the coin bags are returned to the transit agency, unopened, at the next pick-up time.

Safekeeping Agreement. A transit agency may contract with a bank to provide a safekeeping facility for investments. The bank signs a written safekeeping agreement with the transit agency and provides a quarterly safekeeping verification report.

Other Banking Services. Arrangements should be made with the bank to have all returned checks automatically deposited for a second time. Some transit agencies maintain a capital account in addition to those cited above, to receive and disburse funds for FTA grants. Transit agencies are encouraged to establish a line of credit for short term cash needs, where interest charges on borrowed funds are tied to the prime rate.

Payment of Services. The use of compensating balances as the payment arrangement for banking services removes this cost from the budget. The argument for a fee based arrangement is that the accounting for compensating balances can always be structured in the bank's favor; with the customer being charged for shortfalls in the credits earned by balances maintained, but not receiving credit for excess balances maintained. The issue regarding choice of payment options for banking services is the ease of paying monthly fees versus computing and verifying compensating balances.

Exhibit 3.1

Request for Proposal for
Banking Services - Compensating Balances

INVITATION FOR PROPOSALS

SEALED PROPOSALS will be received by the Pace Purchasing Section, 550 West Algonquin Road, Arlington Heights, Illinois 60005 until 5 PM on the day(s) listed below for the purpose of purchasing the following material or service:

DESCRIPTION	OPENING DATE
Request for Proposal No. 27837 for Banking Services to Consist of a Main Depository Account with Related Support Account Services	December 1, 1992

All proposals must be only in the form prescribed by Pace, and must be made in accordance with this Invitation for Proposals, and other Contract Documents, all of which are on file available for examination at the office of Pace at the above address and are made a part of this notice as though fully set forth herein. Copies of such documents can be obtained from such office on written request to the Pace Purchasing Section.

Pace reserves the right to accept any proposal or any part or parts thereof or to reject any and all proposals.

03/91

EXHIBIT A

PACE SUBURBAN BUS SERVICE

REQUEST FOR PROPOSAL 27837 - BANKING SERVICES
SPECIAL CONTRACT CONDITIONS

1. Scope of Work - Pace, the Suburban Bus Division of the Regional Transportation Authority, is seeking to establish a banking relationship which maximizes investment opportunity, security and service, and minimizes services fees. The purpose of this Request for Proposal (RFP) is to select one bank and award a Contract to establish a main depository account with related support accounts and to provide all related banking services over a 60 month period of time with a provision for automatic six (6) month periods of extension for a total Contract period not to exceed 84 months.

   It is imperative that the selected bank posess and maintain sufficient staff to support the required services at all times without interruption due to personnel turnover, vacations, illness or other internal disruptions. Severe or repeated breakdown(s) of service will be cause for termination of the Contract as provided for under Section 6 of Exhibit E of the RFP/Contract.

2. Background - Pace, the Suburban Bus Division of the Regional Transportation Authority, operates in the six-county suburban area of Chicago. Pace uses a variety of innovative services and programs to meet the challenges of serving a growing and changing suburban market.

   Below are some interesting facts about Pace:

Pace Employees:	1,210	
Pace Owned Buses:	866	
Fixed Routes:	234	
Communities Served:	265	
Metra Stations Served:	112	
CTA Stations Served:	17	
Garages:	8	Owned and Operated
	4	Municipal
Private Carrier Contracts:	29	
Pace Passengers in 1991:	40,545,940	
Paratransit Projects:	60	
ADA Projects:	8	
Van Pools:	70	
Van Pools Expected to be in operation by 1993:	100	

Operating Budget 1992: $87,183,000
Capital Budget 1992: $29,723,000
Total Assets: $151,903,430

3. Eligibility Requirements - To be eligible to submit a proposal with the required price proposal, the bank must be:

A. Located within the territorial boundaries of the Pace six-county service area of Pace. These counties include; Cook, DuPage, Will, Kane, McHenry, Lake.

B. A member of the Federal Reserve System

C. An originating depository financial institution authorized by the Federal Reserve to originate direct deposits.

If any institution is in doubt as to whether it meets the above stated eligibility requirements, the institution should submit a written inquiry to:

Mr. William Webb
Contract Buyer
Pace Suburban Bus Service
550 W. Algonquin Road
Arlington Heights, Il 60005

4. Proposal Submittal - Proposers are instructed to thoroughly examine and be familiar with this RFP. The failure or omission by any proposer to receive or examine this document shall in no way relieve the proposer of obligations with respect to their offer. The submission of a proposal shall be taken as prima facie evidence of compliance with this provision.

Five copies of each proposal are to be submitted to Pace in sealed envelopes or packages clearly marked with the Pace RFP number and entitled "Banking Services." Pace shall be under no obligation to return any proposals or material submitted by the proposer in response to this RFP. In order to be considered responsive, proposals should include, but not be limited to the following:

A. Service Fees - The enclosed Exhibit D lists the estimated monthly activity by service category which the proposer is to complete and return as a part of his proposal. Please complete the information requested and include the compensating balance which would be required. The estimates in no way are intended to guarantee the successful Proposer/Contractor the amount of business that will accrue.

B. A synopsis of the firm making the proposal such as the number of years in business, areas of particular expertise, unique customer services, and any other related information which would provide an overview of the firm.

C. Financial Statements - Audited financial statements of the Bank as of December 31, 1991, 10K Report, Uniform Bank Performance Report, A roster of correspondent banks and any other related information to aid in Pace's evaluation of the proposer. (Note: The Uniform Bank Performance Report is published by the Federal Financial Assistance Examination Council. Call (800) 898-7108 for report information.

D. A description of how the proposer is currently performing the desired services in terms of:

- How many paying customers use the service today?
- How long has the bank provided this service?
- Who is the person in charge of cash management and what other responsibilities does that person have?
- What has been the employee turnover rate in cash management or operations department during the last twelve months.

E. A listing of references to include names, addresses and telephone numbers of contact persons of customers for whom the proposer is presently providing the same or similar services.

F. Identification of any data or assistance required of Pace in furnishing the banking services.

G. Any other information believed by the proposer to be pertinent to this RFP.

All costs incurred by the proposer in connection with the preparation of an RFP submittal are entirely the responsibility of the proposer and may not in any way be charged to Pace.

5. Proposal Evaluation Criteria - All proposals received will be evaluated by Pace staff members who may use bank rating services such as Scheshunoff to aid in the process. All proposals will be ranked using a point system. In general, Pace will consider the financial strength of proposers to include asset composition and quality, funding source, capital adequacy and profitability in evaluating proposals. Specific evaluations will be made primarily according to the following criteria:

A. Overall cost to provide the specified banking services. Service fees will be evaluated on the lowest total three-year pricing as stated in the proposers Exhibit D submittal. Fee increases will be negotiated for subsequent years, but in no event shall exceed the annual increase in the Producer Price Index.

B. Willingness and capability to provide the requested banking services as specified. Where proposers have chosen not to offer a particular service or have proposed alternative or expanded service, reference will be made to the explanations they are required to provide in Section 7 (Optional Proposals).

C. Proposed prices and payment for services as stated on the Schedule of Service Fees (Exhibit D).

D. Resources and financial soundness as attested to by the Bank's audited financial statements and related documents.

E. Past performance on Pace contracts or, in situations where the Bank has not had prior business relations with Pace, the Bank's performance and reputation for providing quality banking services to the six-county business area and to individual account holders.

F. Ability to implement cash/investment management practices.

G. Stated ability to comply with all requirements contained in this RFP.

H. Overall quality and thoroughness of proposal.

I. As requested, oral interviews clarifying formal proposals may be required.

J. Banks shall thoroughly examine and be familiar with this document. The failure or omission by any Bank to receive or examine this document shall in no way relieve the Bank of obligations with respect to their bid and proposal. The submission of a bid and proposal shall be taken as prima facie evidence of compliance with this paragraph.

K. It is imperative that the Bank have and maintain sufficient staff to support the required services at all times without interruption due to personnel turnover, vacations, illness, or other internal disruptions. Severe or repeated breakdown of service will be cause for termination of the contract.

6. Award of Contract - Upon completion of the proposal evaluations, Pace will meet with one or more of the highest ranked proposers as necessary to reach a mutual and complete understanding of the work to be performed prior to award of a five year contract for the banking services. Pace proposes to award one contract for this overall banking requirement. However, in awarding a contract, Pace reserves the right to establish demand deposit accounts in other banks or receive the same or different services from other banks as needed to conduct Pace business. Pace further reserves the right to restate and/or renegotiate with the depository bank such additions, deletions, change, or clarifications of the provisions of the Contract as may be necessitated by law or changed circumstances.

A. Pace reserves the right to reject any or all proposals, to waive any irregularities or informality in any bids, and to accept or reject any items or combination of items. In the event that Pace cannot negotiate a satisfactory contract with the successful bidder or said bidder does not execute the contract before the award resolution by the Pace Board of Directors, Pace may give notice to said bidder of intent to award the contract to the next most qualified bidder, or may, if it so chooses, call for new bids and proposals.

B. If it becomes necessary or appropriate to change any part of the RFP, addendum(s) will be issued to all RFP recipients.

7. Optional Proposals - It is Pace's intent to contract for the banking services as specified herein. However, the proposer may submit alternative proposals which may provide the same or similar services and conditions as called out in this RFP as well as proposals which provide improved, enhanced, or innovative solutions or approaches. In order to be considered, any optional proposals submitted must be clearly

marked as "Optional Proposal" and contain the following:

A. An explanation of each item marked "No Bid" on the Schedule of Service Fees (Exhibit D).

B. Contain an explanation of any additional services or benefits which the Bank wishes to offer, including the cost, if any.

C. Must contain an explanation of any terms or conditions with which the proposer cannot comply and any alternative plans to accomplish this objective as expressed elsewhere herein.

D. May contain an alternative proposal to satisfy Pace's banking services needs. If a Bank elects this approach, the bid package must still be prepared in its entirety as required in this section.

Proposers are not required to offer optional proposals in order to be considered responsive.

EXHIBIT B

PACE SUBURBAN BUS SERVICE

REQUEST FOR PROPOSAL 27837 - BANKING SERVICES
TECHNICAL REQUIREMENTS

I. GENERAL

1. All checks deposited will be "good funds" on the next business day with the exception of U.S. Government checks, Illinois State Government Checks, and checks drawn on the successful bidders bank which will be "good funds" immediately upon deposit. Pace defines "good funds" as funds that will be available to Pace to invest or transfer out of the account. The cost of this to the bidder should be considered as Pace does not pay for this service.

2. The awarded bank will prepare a monthly Analysis Statement for services rendered. This billing must be presented in a format similar to the bidding form with a total for all service charges for the month. This billing will state the Profit or Loss for the month. The Profit or Loss will be carried forward to the next month as a cumulative figure for the term of the contract. Any excess credit balances accumulated by Pace may be used by Pace to pay any obligations of Pace.

3. The Earnings Factor Calculation will be computed utilizing the weekly average auction prices of the three-month Treasury Bills as stated in the Wall Street Journal. To accomplish this, the average price of the four latest Treasury Bill auctions, prior to the billing date, will be averaged and used.

4. Pace requires quarterly meetings between Pace cash management staff and the bank in order to review bank performance.

5. Currently, Pace uses ADP for preparation of its payroll. The bank must be able to support ADP payroll service.

6. The bank is expected to welcome Pace employee accounts.

EXHIBIT B

II. BANKING SERVICES

The banking services detailed in this section provide for those banking services to be performed for Pace on a contractual basis for five to seven years. It is the intent of Pace to have a single bank provide most of the banking service needs, however, these services may be split among several banks it if would be more beneficial to Pace.

1. General Operating Account - Substantially all unrestricted moneys collected by Pace and all disbursements flow through this account.

   A. Pace expects to maintain a minimum of (1) one general zero balance account, (1) one payroll zero balance account, and (1) one main depository account.

   B. Daily data communications which provide current day balances, current and prior day clearings, transaction activity, for main depository and controlled disbursement accounts.

2. Investments - Pace currently enjoys a strong cash position. Pace expects to carry cash balance between $10 to $15 million. These funds are cyclical and very predictable. As a source of liquidity, Pace may be willing to enter into commitments which may be mutually beneficial. Please describe your program to assist major customers in developing an investment program.

   A. Pace invests on a daily basis. We require cash management services which allow excess funds to be invested daily, on an automatic basis. Investment rates shall be tied to an external index such as 90 day treasury bills. This should be discussed in proposal(s).

   B. By state statute, Pace may only invest in repurchase agreements, certificates of deposit, treasury bills, commercial paper, and other specific investments. We are seeking a bank with the flexibility to vary the terms of investment instruments to meet Pace's needs.

   C. Pace requires third-party collateralization of its investments. U.S. Treasury Bills and Notes are the preferred securities, collateralized at 105%; other securities can be pledged, subject to Pace approval and at a higher percentage rate.

				BAL. REQ'D.	PER ITEM	CHARGES	BAL. REQ'D.	PER ITEM	CHARGES	COMPENSATING REQ'D.
CCOUNT MAINTENANCE	2	22.00	44.00	15,55	22.00	44.00	15,557	22.00	44 00	15,557
EPOSIT T S	30	0 50	15.00	5,30	0.50	15.00	5,304	0.50	15 00	5,304
HECKS P I	1,400	0.175	245.00	86,627	0.175	245.00	86,627	0.175	245.00	86,627
HECKS PD/PAYROLL	2,200	0.15	330.00	116,681	0.15	330.00	116,681	0.15	330.00	116,681
HICAGO ITEMS DEPOSITED	150	0.115	17.25	6,099	0.115	17.25	6,099	0.115	17.25	6,099
CPC ITEMS DEPOSITED	350	0 18	63.00	22,276	0.18	63.00	22,276	0 18	63.00	22,276
RANSIT ITEMS DEPOSITED	50	0.185	9 25	3,271	0.185	9.25	3,271	0.185	9.25	3,271
N-US ITEMS DEPOSITED	25	0.035	0.88	309	0.035	0.88	309	0.035	0.88	309
ONTHLY INVESTMENT FEES	1	99.00	99.00	35,004	99.00	99.00	35,004	99.00	99.00	35,004
ALANCE REPORTING	3	60.00	180.00	63,644	60.00	180.00	63,644	60.00	180.00	63,644
HONE ADVICE	10	6 00	60.00	21,215	6.00	60.00	21,215	6.00	60.00	21,215
AVINGS BONDS	60	1 00	60.00	21,215	1.00	60.00	21,215	1.00	60.00	21,215
IRE TRANSFERS IN	15	8.50	127.50	45,081	8.50	127.50	45,081	8.50	127.50	45,081
EPOSIT ITEMS RETURNED	5	1.50	7.50	2,652	1.50	7.50	2,652	1.50	7.50	2,652
TOP PAYMENT	1	20.00	20.00	7,072	20.00	20.00	7,072	20.00	20.00	7,072
CH SURCHARGE		0.00	0.00	0	0.00	0.00	0	0.00	0 00	0
CH TAPE	10	15.00	150.00	53,037	15.00	150.00	53,037	15.00	150.00	53,037
CH DEBIT/ITEM	50	0.15	7.50	2,652	0.15	7.50	2,652	0.15	7.50	2,652
CH CREDIT/ITEM	5	0 12	0.60	212	0.12	0.60	212	0.12	0.60	212
IRES OUT REPETITIVE	15	10.00	150 00	53,037	10.00	150.00	53,037	10.00	150.00	53,037
ED SURCHARGE	25	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
AIL ADVICE	25	1.00	25.00	8,839	1.00	25.00	8,839	1.00	25.00	8,839
INE SORT/ITEM	1400	0.029	40.60	14,355	0.029	40.60	14,355	0.029	40 60	14,355
DIC EXPENSE/$1000		0.0192	0.00	0	0.0192	0.00	0	0.0192	0.00	0
HECK RECONCILIATION#			0.00	0		0.00	0		0.00	0
INE SORT##	1400	0.00	0.00	0	0.00	0.00	0	0.00	0 00	0
CH (DEPOSITS)-see ACH Credits	5	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
AILY BALANCE REPORTING	20	0.00	0.00	0	0.00	0.00	0	0 00	0.00	0
OCKBOX###		0 00	0 00	0	0.00	0.00	0	0.00	0 00	0
ASTERCARD/VISA####			0.00	0		0.00	0		0.00	0
AILY MESSENGER SERVICE	20	7.00	140 00	49,501	7.00	140.00	49,501	7.00	140.00	49,501
										0
OTAL			$1,792.08	$633,641		$1,792.08	$633,641		1,792.08	$633,641

Partial ARS is $15 per tape/transmission and 03 per item. Full ARS is $15 per tape/transmission and .03 per item for both input and output.
#Cost is included in the per item charge of 029.
##No volumes given for Lockbox; standard price 30 per item subject to minimums plus maintenance.
This specifically relates to the Merchant Processing discount rate, which is 3 26%.
####Compensating Balance Requirement per Unit was computed following the bidding instructions using the previous four week average of the 13-week U S Treasury auction bond equivalents of 3 33% It sh[illegible] be noted that average ECR through October 1992 was 3 85%

ensure

EXHIBIT E

GENERAL CONTRACT CONDITIONS - REQUEST FOR QUOTATION 27837

The following terms and conditions shall apply to all Pace solicitations and contracts for services. All Pace contracts shall be governed by Illinois Law. All Proposers shall be referred to as "Contractors" and all offers as "quotations" or "price proposals" in this section of the Contract Specifications.

1. Performance - It is understood and agreed that time of performance is of the essence of this Contract. If the Contractor is delayed in the performance of the services purchased under the Contract by a cause beyond his control, he must immediately upon receiving knowledge of such delay, give written notice to Pace and request an extension of time for completion of the Contract. Pace shall examine the request and determine if the Contractor is entitled to an extension. Pace shall notify the Contractor of the decision in writing.

2. Entire Agreement - This Contract contains the entire agreement of the parties. It may not be modified or terminated orally, and no claimed modification, termination, or waiver shall be binding on Pace unless in writing signed by a duly authorized representative of Pace. No modification or waiver shall be deemed effected by the Contractor's acknowledgement or confirmation containing other or different terms. All titles to clauses contained in this Contract are for identification only

and shall not be construed as being a substantive part of the agreement. The Section headings contained in this Contract are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Contract.

3. Indemnification - The Contractor shall indemnify, keep and save harmless Pace, its agents, officials and employees against all injuries, losses, claims, suits, costs and expenses which may accrue against Pace as a consequence of granting the Contract including any copyright or patent infringement or claim of such infringement arising from the intended use of goods or services furnished hereunder. The Contractor shall retain independent counsel and at its expense shall assume and defend all claims, demands and suits covered in this indemnification section.

4. Assignments - The Contractor agrees that neither this Contract or any part of it or any of the monies due from this Contract may be assigned without the prior written consent of Pace. Any successor or assign under this Contract will be required to accede to all of the terms, conditions and requirements of this Contract as a condition precedent to such succession or assignment. Assignment of any portion of the work by subcontract must be approved in advance by Pace, in writing.

5. Waiver - Pace's failure to promptly enforce any of the conditions of this Contract shall not constitute a waiver of any of Pace's other rights.

6. Termination - Pace may terminate this Contract at any time hereafter, with or without cause, by giving written notice to the Contractor at the address specified above. Termination shall be effective 90 days from the date of receipt of a written termination notice by the Contractor from Pace. If Pace terminates this Contract other than for breach thereof by the Contractor, Pace agrees to pay the Contractor, and Contractor agrees to accept as its sole remedy, cancellation charges equal to the remaining unpaid costs accrued and obligated to date of cancellation. In the event of breach or violation by the Contractor of any provision of the Contract, Pace may allow the Contractor a reasonable opportunity to cure the breach prior to termination under this provision. Upon termination of this Contract for breach by the Contractor, the Contractor assumes liability for all excess costs incurred by Pace to complete the Scope of Services specified in the Contract.

7. Price Warranty - The Contractor warrants that the unit price(s)/hourly rates(s) charged herein do not exceed the unit prices/hourly rates charged by the Contractor to any other customers in substantially similar transactions. Contractor agrees to make any price rebate which this warranty may require.

8. Payment - Payments will be made in accordance with the terms in the Contract, or the Contractor's invoice, whichever are more favorable to Pace. The payment date shall be calculated from the receipt of invoice or final acceptance of the goods or services, whichever is later. Pace is exempt from State of Illinois and

local taxes, Tax Exemption Number E9984-2793-01.

9. Regulatory Compliance - All goods and services furnished hereunder by the Contractor shall comply with all Federal, State and local laws, rules and regulations as applicable, including, but not limited to:

a. Surface Transportation Assistance Act of 1982, Section 165a of Public Law 100-17 (Buy American).

b. The Occupational Safety and Health Act of 1970, and the Illinois Toxic Substance Act, with respect to the design, construction or use for their intended purpose of said goods or services and the labeling of all goods and containers for the protection and safety of persons and property.

10. Equal Employment Opportunity - In connection with the execution of this Contract, the Contractor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, or national origin. The Contractor shall take affirmative actions to insure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age or national origin. Such action shall include but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

The Contractor agrees to comply with all provisions of the "Illinois Human Rights Act" Ill. Rev. Stat. Ch. 68, Sec. 1-101 as now or hereafter amended and with all rules, regulations, and guidelines on discrimination in employment as now or hereafter promulgated thereunder. All such provisions, rules, resolutions and guidelines, including but not limited to; Article VI "Equal Opportunity Clause" of the Rules and Regulations of the Department of Human Resources are hereby incorporated into the Contract by reference.

11. Disadvantaged Business Enterprise - The following provisions are applicable.

A. Policy - It is the policy of the Department of Transportation that disadvantaged business enterprises, as defined in 49 CFR Part 23, shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this Agreement. Consequently, the DBE requirements of 49 CFR Part 23 apply to this Agreement.

B. DBE Obligation - The recipient and its contractors agree to ensure that disadvantaged business enterprises as defined in 49 CFR Part 23 have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with Federal funds provided under this Agreement. In this regard all recipients and contractors shall take all necessary and reasonable steps in accordance with 49 CFR Part 23 to ensure that disadvantaged business enterprises have the opportunity to compete for and perform contracts. Recipients and their contractors shall not discriminate on the basis of race, color, national origin or sex in the award performance of DOT-assisted contracts.

12. Disclosure - The Contractor shall not use or disclose any data, designs or other information belonging to or supplied by or on behalf of Pace, unless expressly authorized in writing by Pace. Upon Pace's request, such data, designs or other information and any copies thereof shall be returned to Pace. Where Pace's data, designs or other information are furnished to the Contractor's suppliers for procurement of supplies by the Contractor for use in the performance of Pace contracts, the Contractor shall insert the substance of this provision in its contract.

13. Non Collusion - In submitting a signed price proposal to Pace, the Contractor warrants and respresents that it has not paid and agrees not to pay any bonus, commission, fee or gratuity to any employee or official of Pace or to any other Contractor for the purpose of obtaining this contract.

14. Conflict of Interest - Members of the Board, officers and employees of Pace, their spouses, their children, their parents, their brothers and sisters and their children, are prohibited from having or acquiring any contract or any direct pecuniary interest in any contract which will be wholly or partially performed by the payment of funds or the transfer of property of Pace in accordance with Section 4.03 of the Pace Regulations Governing Public Bidding (Ordinance SBD 84-3).

15. Conflict In Provisions - In the event of a conflict between any of the terms and conditions contained in the base contract and its referenced exhibits, the base contract provisions shall apply.

16. Intentionally Omitted

17. Modifications to Contract - Request for any change in the contract after award shall be submitted to Pace for its prior approval. Oral change orders are not permitted. No change in the contract shall be made except in writing signed by an authorized representative. The Contractor shall be liable for all costs resulting from, and/or for satisfactorily correcting, any specification change not properly ordered by written modification to the contract and signed by Pace.

18. Intentionally Omitted

19. Approximate Quantities - Where approximate or estimated quantities are stated, the unit prices/hourly rates quoted will apply regardless of whether the actual quantities are greater or lesser than the assumed quantities, the stated total notwithstanding.

20. Protest Procedures - Protests arising out of the procurement process must be directed in writing to Pace's Purchasing Section Manager not later than seven (7) calendar days prior to the date of the proposal due date. The Purchasing Section Manager shall review all pertinent information and render a final decision in writing two work days prior to the proposal due date. The proposal due date may be extended at the discretion of the Purchasing Section Manager. Any post award protest must be promptly submitted to the Pace Purchasing Manager to receive consideration by Pace.

All protests must be clearly marked as a PROTEST and identify the Request for Quotation (RFQ) or Request for Proposal (RFP) number and the scheduled proposal due date. The protest must contain a statement of the grounds for the protest and include any supporting documentation.

INSURANCE & THIRD PARTY LIABILITY

Contractor shall maintain insurance in accordance with the minimum requirements set forth below and such other insurance as Pace may from time to time require.

1. Worker's Compensation:

   Coverage A - Statutory
   Coverage B - Employers Liability: (Illinois Minimum Requirements)
   $100,000 injury - per occurrence
   $100,000 disease - per employee
   $500,000 disease - policy limit

2. Commercial General Liability

   Bodily Injury Liability
   AND
   Property Damage Liability
   COMBINED
   Including Broad Form Contractual and Products/Completed Operations $ N/A

3. Automobile Liability

   Bodily Injury Liability
   AND
   Property Damage Liability
   COMBINED $ N/A

4. Owners Protective Liability

   Bodily Injury Liability
   AND
   Property Damage Liability
   COMBINED $ N/A

5. Fiduciary Liability $ 2,500,000.00

6. Fidelity Bond $ 2,500,000.00

   (Insurance Company must be listed in the current issue of the Department of the Treasury Circular 570 in the Federal Register as an acceptable surety.)

7. Contractor shall furnish a certificate of Insurance addressed to the Purchasing Section Manager within 10 working days after Contract award in accordance with this Exhibit and including as named additional insureds on the liability policies: SUBURBAN BUS DIVISION OF THE RTA D/B/A PACE, AND RTA ______.

NOTE: See Sample on Page 3.

8. Contractor or Contractor's insurance agent shall upon request by Pace furnish a copy of the insurance policy addressed to the Purchasing Section Manager within 8 weeks.

9. The Contractor shall not commence work herein until he has obtained the required insurance and has received Pace's approval.

10. The Contractor's insurance shall provide for the following conditions:

   a. Unless the Contractor's insurance contains the standard liability form definition of insured ("...the insurance afforded applies separately to each insured ... except with respect to limits..."), the Contractors insurance shall contain a standard Cross Liability Endorsement, see paragraph 12 below.

   b. The liability assumed by Contractor under the provisions of the indemnity clause contained in the contract is covered under the terms of the Contractor's insurance.

   c. The Contractor's insurance shall be primary over any other insurance carried by Pace, including self-insurance but only with regard to the performance of this contract.

11. The policies provide that in the event the policies should be changed or cancelled said change or cancellation shall not be effective until 30 days after Pace has received notice of such change or cancellation from the Insurance company.

12. CROSS LIABILITY ENDORSEMENT, if Required.

It is agreed that the inclusion of more than one corporation, person, organization, firm or entity as a named insured in this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made or brought by or in favor of any employee of such other insured. This entity shall insure each such corporation, person, firm or entity in the same manner as though a separate policy had been issued to each but nothing herein contained shall operate to increase the company's liability as set forth elsewhere in this policy beyond the amounts for which the company would have been liable if only one person or interest had been named as insured.

acord **CERTIFICATE OF INSURANCE**

ISSUE DATE (MM/DD/YY)

PRODUCER

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

SAMPLE FORM

INSURED

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A	
COMPANY LETTER B	
COMPANY LETTER C	
COMPANY LETTER D	
COMPANY LETTER E	

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	ALL LIMITS IN THOUSANDS	
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ ☐ CLAIMS MADE ☐ OCCURRENCE ☐ OWNER'S & CONTRACTOR'S PROTECTIVE ☐ ______ ☐ ______				GENERAL AGGREGATE	$
					PRODUCTS-COM/OPS AGGREGATE	$
					PERSONAL & ADVERTISING INJURY	$
					EACH OCCURRENCE	$
					FIRE DAMAGE (ANY ONE FIRE)	$
					MEDICAL EXPENSE (ANY ONE PERSON)	$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS ☐ GARAGE LIABILITY ☐ ______				COMBINED SINGLE LIMIT	$
					BODILY INJURY (PER PERSON)	$
					BODILY INJURY (PER ACCIDENT)	$
					PROPERTY DAMAGE	$
	EXCESS LIABILITY ☐ UMBRELLA FORM ☐ OTHER THAN UMBRELLA FORM				EACH OCCURRENCE $	AGGREGATE $
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY	
					$	(EACH ACCIDENT)
					$	(DISEASE-POLICY LIMIT)
					$	(DISEASE-EACH EMPLOYEE)
	OTHER					

MUST MEET CONTRACT REQUIREMENTS

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

Named Additional Insured(s): SUBURBAN BUS DIVISION OF THE RTA, D/B/A PACE, AND RTA.

CERTIFICATE HOLDER

Pace
550 W. Algonquin Road
Arlington Heights, IL 60005
~~Attn: Purchasing Chief~~

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL ___ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Exhibit 3.2

Fee Based Services - Contract

DEPOSITORY CONTRACT

BETWEEN

THE METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

AND

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

FOR

BANKING SERVICES

C.A.R NO. FL2231R93175

BUDGET LINE ITEM NO. 2231-50346

FUNDING: 100% METRO

TABLE OF CONTENTS

STATE OF TEXAS §

COUNTY OF HARRIS §

DEPOSITORY CONTRACT

BY AND BETWEEN

THE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

AND

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

In consideration of the mutual promises and covenants hereinafter contained, the Metropolitan Transit Authority of Harris County, Texas, hereinafter referred to as "METRO", and Texas Commerce Bank National Association, hereinafter referred to as "Bank", have agreed, and by these presents do agree, as follows:

ARTICLE 1

SCOPE OF SERVICES

The Bank shall provide METRO banking services ("Services") as described herein and, in accordance with Banks standard policies and procedures, Exhibit "A", through two Money Market Savings ("MMS") Master Accounts and four subsidiary zero-balance accounts: one payroll, one operating and two revenue accounts. If any material inconsistencies exist between the terms of this Contract and the Bank's policies and procedures (Exhibit "A"), the terms of this Contract shall prevail, provided that the terms of this contract do not violate any audit, regulatory or control requirements of the Bank.

Money Market Savings Account - METRO

Amounts to cover checks presented in the three METRO zero-balance accounts will be transferred by METRO from the METRO MMS Account on a daily basis. The amount that each zero-balance account is funded will be determined by METRO. At the end of each day, all cash in the three (3) subsidiary accounts will be automatically swept into the MMS Account. All collected funds remaining in the MMS Account at the end of each day shall earn a return such that METRO will be credited with earnings at the "Overnight Investment Rate." Interest at the "Overnight Investment Rate" may be credited daily or compounded daily and credited monthly. In the event that an overdraft in collected funds should occur the Bank is entitled to an "Overnight Overdraft Fee Rate." The fee will be based upon the amount and duration of the overdraft. Both the

"Overnight Investment Rate" and the "Overnight Overdraft Fee Rate" will be priced as detailed in Exhibit "B.1". The MMS Account must be collateralized by securities listed in Exhibit "B.2" with at least 50% of those securities being in items 1 and 2. The aggregate market value of the collateral must at all times equal 105% of deposits but not exceed $9,000,000. The collateral must be safekept at a third-party bank acceptable to METRO. A three-party agreement, supplied by the Bank and acceptable to all parties, shall be executed by METRO, the Bank, and the third-party bank. This third-party bank will supply METRO with a monthly statement listing the securities pledged to METRO by the Bank.

Money Market Savings Account - Money Manager

This is an interest bearing account that also functions as a master account for one subsidiary zero-balance account. This account exists to accommodate the operations of an independent money manager.

At the end of each day, all cash in the subsidiary account will be automatically swept into the MMS Account. All collected funds remaining in the MMS account at the end of each day shall earn a return such that METRO will be credited with earnings at the "Overnight Investment Rate." Interest at the "Overnight Investment Rate" may be credited daily or compounded daily and credited monthly. In the event that an overdraft in collected funds should occur, the Bank is entitled to charge a fee at an "Overnight Overdraft Fee Rate." The fee will be based upon the amount and duration of the overdraft. Both the "Overnight Investment Rate" and the "Overnight Overdraft Fee Rate" will be priced as detailed in Exhibit "B.1".

METRO currently has one independent money manager, Payden & Rygel, 333 South Grand Avenue, Los Angeles, California ("METRO Money Manager"). In the future there may be deletions or additions to the number of money managers employed, and there would be corresponding adjustment to the number of bank accounts required and the fees payable hereunder.

Revenue Account - METRO

The Bank shall provide a zero-balance Revenue Account into which all METRO receipts will be deposited and all investment transactions will be charged or credited. This account shall be a subsidiary account to the Money Market Savings Account - METRO. Except for coin and currency vault deposits, the Bank shall give same day ledger credit on all over-the-counter deposits delivered to its Commercial Deposit Window by 4:00 p.m. The bank will give same day credit for commercial coin and currency deposits delivered to its vault by 2:30 p.m. The Bank shall also give same day credit on all coin deposits acknowledged by METRO's armored car service, such acknowledgement being telecopied to the Bank Vault services by METRO's armored car service not later than 2:30 p.m. Delivery of deposits by METRO will be by armored car service or runner. The Bank shall process all funds METRO receives from its operations. METRO sorts and bags its own coins prior to deposit but does not roll its own coins. First time returned items shall be automatically redeposited. The Bank shall, upon request by METRO, pursuant to a

Personal Identification Number and in accordance with Bank policy and METRO resolutions, wire funds out of the Revenue Account to various banks and brokers. The Bank shall accept incoming wire transfers of funds. The Bank shall safekeep all securities purchased by METRO. A custody agreement shall be executed by both parties. A daily transaction report shall be issued and mailed to METRO within two (2) business days after receipt of securities. The Bank shall safekeep all collateral pledged to METRO by local banks to cover METRO's deposits in these banks. In this capacity, the Bank acting as custodian, shall price this collateral to market on a monthly basis and mail to METRO a report within five (5) business days following the end of each month showing the following: the bank pledging the collateral; the securities pledged (face amount, issuer, coupon, maturity date); the market value of each pledged security; total market value of all securities pledged by each bank. The Bank shall provide printed bank statements for the Revenue Account - METRO on a monthly basis. The statement must show the detail of all debits and credits affecting the account during the statement period. Included with the bank statement will be the individual debit and credit memos that comprise the activity for the statement period. Statements for the Revenue Account shall be mailed to METRO within ten (10) business days after the cut-off date.

Revenue Account - Money Manager

The bank shall provide a zero-balance Revenue Account into which all Money Manager receipts will be deposited and all investment transactions will be charged or credited. This account shall be a subsidiary account to the Money Market Savings Account - Money Manager.

The Bank shall, upon request by METRO, pursuant to a Personal Identification Number and in accordance with Bank policy and METRO resolutions, wire funds out of the Revenue Account to various banks and brokers. The Bank shall accept incoming wire transfer of funds.

The Bank shall safekeep all securities purchased by the METRO Money Manager(s). A custody agreement shall be executed by both parties. A daily transaction report shall be issued and mailed to the METRO Money Manager within two (2) business days after receipt of securities.

Operating Account

The Bank shall provide a zero-balance Operating Account from which all vendor disbursements will be paid. This account shall be a subsidiary account to the Money Market Savings Account - METRO. METRO will provide the necessary check stock for this account. The Bank shall provide METRO with a full reconciliation service for this account. METRO shall send appropriate data tapes to the Bank on the fourth (4th) or fifth (5th) business day of each month. The tapes must be returned to the Director of Treasury Services' office within seven (7) business days after delivery to the Bank. The Bank shall provide METRO with the reconciled listing of checks paid, canceled items, new issues, and outstanding checks. These reconciled listings must be delivered to the

Director of Accounting's office at the same time as the data tapes. The Bank shall provide printed bank statements. These statements must show the detail of all checks charged including but not limited to, the date of presentment, check number, and amount. The statements must be delivered at the same time as the paid check list and exception listing. All paid checks shall be returned to METRO with the respective monthly bank statement fine sorted in ascending numerical order. The Bank shall issue stop payments upon telephone communication from authorized METRO personnel. METRO will provide written confirmation of the telephone transaction and will require written confirmation of the stop payment from the Bank.

Payroll Account

The Bank shall provide a zero-balance Payroll Account from which all METRO payroll checks will be written. This account shall be a subsidiary account to the Money Market Savings Account - METRO. The Bank shall also provide a direct deposit service. METRO will furnish the check stock for the Payroll Account. The Bank shall provide a full reconciliation service in the same manner as for the Operating Account. Additionally, a direct deposit tape will be processed bi-weekly. The Bank will ensure that the employees' accounts are properly credited by the due date (METRO will supply the payroll dates). The direct deposit tapes and listing must be returned to the Director of Treasury Services' office within seven (7) business days after delivery of the tapes to the Bank. The Bank shall provide monthly statements, check sorting and stop payment services in the same manner as for the Operating Account.

Other Services

In addition to the foregoing, the Bank shall insure that prior day account balances and transaction information be accessible by 7:30 a.m. each business day. This reporting system must provide the following as a minimum: ledger balance; collected balance; and number and total amount of zero balance debits and credits. A monthly account analysis shall be presented to METRO within twenty-five (25) days from the cut-off date. The account analysis must show at a minimum the following information: account number; period covered; average ledger balance; average funds in the process of collection; average collected balance; services rendered (to include type of service and quantity); per unit cost of each service provided (per this agreement); total cost per service rendered; total monthly cost of all services rendered. The annual estimated quantity of items the Bank is expected to provide is delineated in Exhibit "B". The Bank will cash without charge to METRO or its employees all METRO employee payroll, expense, or expense advance checks drawn on its bank after proper identification is presented by the employee, if the employee has an account with the Bank. Upon thirty (30) days written notice to METRO, the Bank shall have the right to charge METRO employees who do not have accounts with the Bank a fee for cashing such checks. The Bank must assign a senior officer as liaison with METRO's Director of Treasury Services.

ARTICLE 2

CONTRACT TERM

A This Contract shall be effective on December 1, 1993 through November 30, 1995 unless sooner terminated as provided herein.

B. The term of this Contract is subject to renewal at the option of METRO for three (3) one-year, one (1) two-year and one (1) one-year, one (1) one-year and one (1) two-year or one (1) three-year time periods. For each of the option periods, the Bank shall submit to the Contracting Officer, pricing of services and the overnight investment rate 210 calendar days before expiration of the Contract term.

C. Bank and METRO agree that, in the event that the term of this Contract shall be extended, for each year in such extension period or periods (each such year a "Subject Year"), the pricing of services hereunder shall be increased by a percentage amount equivalent to: (a) the amount of the annual percentage increase in the Consumer Price Index for the Houston Primary Metropolitan Statistical Area occurring in the year immediately preceding such Subject Year, plus (b) five percent (5%).

D. In the event METRO decides to exercise the renewal option, it will select the option that is most advantageous and is in its best interest. The Bank will be provided written notice of the selected option and METRO's intention to exercise this option at least 150 calendar days in advance of the expiration of the current contract term.

ARTICLE 3

COMPENSATION

A. As full consideration for the satisfactory performance by the Bank of this Contract, METRO shall pay to the Bank the unit prices stipulated in Exhibit "B" for the services satisfactorily performed and accepted by METRO and such acceptance shall not be unreasonably withheld. The Contract price is not subject to any adjustment should the full quantities described as "estimated" not materialize. The total cost to METRO for the performance of this Contract, during the initial two (2) year period shall not exceed One Hundred Seventy-Five Thousand and 00/100 Dollars ($175,000.00) unless authorized, in writing, by the General Manager or his designee. The Bank shall have no obligation to perform services under this Contract when the performances of such services will result in exceeding this cost limitation.

B. Should METRO request any services not listed in Exhibit "B", Bank shall be entitled to charge METRO its usual and customary fee for those services requested, and be compensated for such services as provided in Article 4 below. Said fee or fees shall be included on or with the invoices presented to METRO.

ARTICLE 4

INVOICING AND PAYMENTS

A. The Bank shall prepare invoices for services rendered and fees incurred hereunder and present said invoices to METRO for payment on a monthly basis. Invoices will be presented to METRO the month following the month in which the services were rendered, normally on the fifteenth (15th) business day. The Bank shall submit an original and one (1) copy of the invoice for payment to the below address for the services which have been received and accepted by METRO.

METROPOLITAN TRANSIT AUTHORITY
Attn: Director of Accounting
1201 Louisiana (77002)
P.O. Box 61429
Houston, Texas 77208-1429

B. Payment will be made to the Bank within thirty (30) days following receipt of a properly prepared invoice and acceptance of the services by METRO. Payment will be considered made when received or collected by the Bank. In the event that payment is not made within thirty (30) days of the presentment of the invoice to METRO, the Bank, at the Bank's option, shall have no further obligation to provide services hereunder, and this Contract shall be null and void.

C. If any subcontractors are used, the Bank shall comply with Article 601f, Texas Revised Statutes, regarding payments to subcontractors. Section 4 of this Article requires that the Bank pay each subcontractor the appropriate share of payment(s) received from METRO not later than the tenth (10th) calendar day after the day on which the Bank receives such payment(s) from METRO. For any such payment(s) not made to subcontractors within that ten (10) day period, the Bank is required to pay interest to such subcontractors as prescribed in Section 5 of the Article. The Bank shall include, or cause to be included, the requirements of this paragraph in subcontracts of any tier.

D. METRO is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales, Excise and Use Tax. METRO's Tax Exempt Number is 1-74-1998278-4. The Bank's invoices shall not contain assessment of any of these taxes.

ARTICLE 5

TERMINATION FOR CONVENIENCE OF METRO

A. METRO may terminate the Contract at any time by written notice to the Bank at least sixty (60) days before the effective date of such termination if METRO determines that such termination is in its best interest. Upon receipt of written notice of termination, performance by the Bank shall cease to the extent specified in the notice of termination. In the event of termination in whole or part, METRO shall be liable for payment of invoices for all services rendered after the termination date, including, but not limited to, paying of checks and Account Reconciliation. In addition, in the event of termination in whole or part, METRO shall retain deposits with the Bank after termination date sufficient to fund outstanding checks as of the termination date. If an overdraft should occur after the termination date, METRO shall immediately, upon notification of said overdraft (which may be telephonic or written), provide sufficient available funds to fund said overdraft. METRO shall also pay to the Bank the overdraft fee as described in the "Overnight Overdraft Fee Formula", Exhibit "B.1".

B. METRO agrees to pay reasonable costs of settlement of the services being terminated, including but not limited to, accounting, legal, clerical, and other expenses necessary for the preparation of the termination settlement proposal and documentation. The Bank shall submit its proposal to the Director of Treasury Services no later than one (1) year from the effective date of the termination.

ARTICLE 6

TERMINATION FOR DEFAULT

A. METRO may, subject to paragraphs D and E below, by written notice of default to the Bank, terminate this Contract in whole or in part if the Bank fails to perform the services within the time and in the manner specified in this Contract or any extension thereof; or fails to perform any of the other provisions of this Contract.

B. METRO's right to terminate this Contract may be exercised if the Bank does not cure the condition or conditions constituting default within ten (10) calendar days (or such longer period as may be authorized in writing by the Contracting Officer) after receipt of the notice from the Contracting Officer specifying the failure.

C. In the event this Contract is terminated as a result of a default by the Bank, then METRO shall be entitled to all reasonable damages incurred by it as a result of such termination. In no event shall such damages include any punitive or consequential damages.

D. Except for defaults of subcontractors, if any, at any tier, the Bank shall not be liable for any damages if the failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the Bank. Examples of such causes include:

1. Acts of God or of the public enemy,
2. Acts of METRO in its contractual capacity,
3. Fires,
4. Floods,
5. Epidemics,
6. Quarantine restrictions,
7. Strikes,
8. Unusually severe weather.

In each instance the failure to perform must be beyond the control and without the fault or negligence of the Bank.

E. If the failure to perform is caused by the default of a subcontractor, if any, at any tier, and if the cause of the default is beyond the control of both the Bank and subcontractor, and without the fault or negligence of either, the Bank shall not be liable for any damages for failure to perform, unless the subcontracted work was obtainable from other sources in sufficient time for the Bank to meet the required performance schedule.

F. METRO shall pay the Contract price for completed and accepted services.

G. If, after termination, it is determined that the Bank was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of METRO.

H. The rights and remedies of METRO under this Article are in addition to any other rights and remedies provided by law or under this Contract.

ARTICLE 7

STATUTORY/REGULATORY ADJUSTMENTS

Federal Reserve regulations, interpretations, or requirements governing banking matters are subject to change. The Bank may adjust operating procedures accordingly, to the extent the Bank is required to comply with new Federal regulations, interpretations, requirements, or other applicable law. The Bank may also adjust Overnight Investment Rate Formula due to changes in the current reserve requirement resulting from said regulations, interpretations, requirements or other applicable law, to achieve the equivalent spread as was prior to said changes.

ARTICLE 8

INDIVIDUAL SERVICE AGREEMENTS

Use of selected Bank Services may necessitate execution of individual service agreements relating to those services. METRO agrees to execute such agreements. If any material inconsistencies exist between the terms of the service agreements and the terms of this Contract, the terms of this Contract shall prevail, provided that the terms of this contract do not violate any audit, regulatory or control requirements of the Bank.

ARTICLE 9

ETHICAL CONDUCT

A. The METRO Board of Directors has adopted a Code of Ethics, Contract Attachment "C", governing the conduct of its officers and employees. The Bank agrees it will familiarize itself with this Code of Ethics and that it will not offer, confer or agree to confer any prohibited benefit as consideration for a METRO Board Member's or employee's decision, opinion, recommendation, vote or other exercise of discretion as a public servant or in exchange for the Board Member's or employee's having exercised his official powers or performed his official duties nor will the Bank participate in any other violation of this Code.

B. The Bank will make every reasonable effort to review and comply with the METRO Code of Ethics Policy.

C. Breach of this Article by the Bank may result in termination of the Contract and exclusion of the Bank from future contracts with METRO for a period of time determined by the METRO Board of Directors.

ARTICLE 10

COVENANT AGAINST CONTINGENT FEES

The Bank warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Bank for the purpose of securing business. For breach or violation of this warranty METRO shall have the right to annul this Contract without liability or in its discretion, to deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

ARTICLE 11

PROHIBITED INTEREST

No member, officer or employee of METRO, or of any other local public body having jurisdiction over METRO, shall during his tenure or for one year thereafter, have any interest direct or indirect, in the Contract or the proceeds thereof.

ARTICLE 12

EQUAL EMPLOYMENT OPPORTUNITY AND DISADVANTAGED BUSINESS ENTERPRISES (DBE)

A. The Bank shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, or national origin. The Bank shall take affirmative action to insure that applicants are employed, and that employees are treated during their employment, without regard to their race, color, religion, sex, age, or national origin. Such actions shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff, or termination; rates of pay, or other forms of compensation; and selection for training, including apprenticeship. The Bank agrees to post in conspicuous places available to employees and applicants for employment such notices setting forth the provisions of this Article as are required by applicable law.

B. The Bank hereby agrees to utilize reasonable effort in obtaining DBE participation in performance of this Contract, in accordance with standard Bank Purchasing Policy.

C. The General Manager or his authorized representative may require the Bank to certify compliance with METRO's Equal Employment Opportunity and Disadvantaged Business Enterprises requirements.

ARTICLE 13

METRO REPRESENTATIVES

The Assistant General Manager of Finance & Administration identifies the Director of Treasury Services or whoever is acting in that capacity as METRO's Project Manager for the purpose of discharging delegated contractual duties and responsibilities.

ARTICLE 14

INTERPRETATION, JURISDICTION AND VENUE

These Contract Documents shall be construed and interpreted solely in accordance with the laws of the State of Texas. Venue of any suit, right or cause of action arising under or in connection with the Contract documents shall lie exclusively in Harris County, Texas.

ARTICLE 15

COMPLIANCE WITH LAWS/PERMITS AND LICENSES

The Bank shall give all notices and comply with all federal, state, and municipal laws, ordinances, rules, regulations and orders of any public authority bearing on the performance of the Contract. If the Contract is at variance therewith in any respect, any necessary changes shall be adjusted by appropriate modification.

ARTICLE 16

NOTICES

All notices to either party by the other shall be delivered personally or sent by U.S. registered or certified mail, postage prepaid, addressed to such party at the following respective addresses for each:

Authority:	METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS 1201 Louisiana (77002) Post Office Box 61429 Houston, Texas 77208-1429 Attention: Contracting Officer
Bank:	Texas Commerce Bank, N.A. 712 Main Street Houston, Texas 77002 Attention: Curt D. Karges Sr. Vice President

and shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided herein. Either party hereto may change the above address by sending written notice of such change of address to the other in the manner provided for above.

ARTICLE 17

ENTIRE AGREEMENT

This Contract constitutes the entire agreement between the parties and shall supersede all prior offers, negotiations, exceptions and understandings, whether oral or written, between the parties hereto. No modification of this Contract (including any change in the work) shall be binding upon METRO or the Bank unless evidenced by a written modification.

IN WITNESS WHEREOF, METRO and the Bank have executed this Contract and it shall be effective on the 1st day of December, 1993.

Texas Commerce Bank
National Association

By: ______________

Name: C.D. Kaecles

Title: SVP

ATTEST:

By: ______________

Name: Claudia Morgan

Title: Vice President

METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

Executed for and on behalf of the Metropolitan Transit Authority pursuant to Resolution No. 93-177 of the Board of Directors, passed on the 28th day of October, 1993 and on file in the office of the Assistant Secretary of the Authority.

By: ______________
Solbert L. Barth
Assistant General Manager
Finance & Administration

ATTEST:

____
Assistant Secretary

METROPOLITAN TRANSIT AUTHORITY METRO

APPROVED:

____
Staff Counsel

____
Financial Officer

EXHIBIT "A"
CONTRACT NO. F30682C

IMPORTANT DISCLOSURE INFORMATION

ABOUT YOUR DEPOSIT ACCOUNT

PLEASE

RETAIN

FOR YOUR

RECORDS

Texas Commerce Bank

Schedule of Items and Prices

Bank agrees to furnish all resources necessary to provide complete banking services to METRO in accordance with the Scope of Services and the terms and conditions of the contract at the below prices.

Item No.		Annual Estimated Quantity	Unit Price	Annual Extended Price
1.	MASTER ACCOUNTS (two accounts required)			
	a. Statement Preparation & Analysis Charges	24	$15.00	$ 360.00
	b. Debits	288	0.10	28.80
	c. Credits	804	0.60	482.40
	d. Zero Balance – Master Account	24	N/A	N/A
	e. Zero Balance – Sub Accounts	48	20.00	960.00
	f. FDIC Insurance	12	N/C	N/C
	g. Overnight Investment Rate**		**/***	**/***
	h. Overnight Overdraft Fee Rate**		**	**
	Subtotal page 1			$ 1,831.20

** See Exhibit B.1 for computing the Overnight Investment Rate and the Overnight Overdraft Fee Rate.

*** Bank will pay 86% of the opening Federal Funds as described in Exhibit B.1 if METRO elects to continue current Bank–initiated manual transfers daily. Should METRO provide manual transfers via check and deposit slip transactions at over–the–counter teller windows, Bank will pay 88% of opening Federal Funds.

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Item No.		Annual Estimated Quantity	Unit Price	Annual Extended Price
2.	REVENUE ACCOUNTS (two required)			
	a. Account Maintenance	24	$15.00	$ 360.00
	b. Maint-Spl Handling	12	7.50	90.00
	c. Debits	400	0.10	40.00
	d. Credits	1,968	0.60	1,180.00
	e. Duplicate Stmt. (P & R only)	12	7.50	90.00
	f. Exception statements	36	7.50	270.00
	g. Deposit items	30,000	0.05	1,380.00
	h. Check encoding	29,000	0.03	870.00
	i. Wire Transfer Out NREP	4	10.00 (1)	40.00
	j. Wire Transfer Mail Advice	4	2.50	10.00
	k. Vault Base Charge	12	25.00	300.00
	l. Vault Deposit-Type A	1,152	1.50	1,728.00
	m. Vault-Straps Deposited	70,000	0.10	7,000.00
	n. Vault-Coin Deposited	96	27.00	2,592.00
	o. Vault-Special Handling	48	27.00	1,296.00
	p. Vault-Adj./Corrections	12	5.00	60.00
	q. Securities Dep/Withdrawal	400	0.00	0.00
	r. Safekeeping (Asset/receipt)*	400	3.00	1,200.00
	s. Government Purchase	325	19.00	6,175.00
	t. Govemment Sale	325	19.00	6,175.00
	u. Mortgage Back Purchase	12	31.00	372.00
	v. Returns-Special Handling	204	3.50	714.00
	w. Money Orders	240	2.00	480.00
	x. Cashiers Checks	36	3.00	108.00
	y. Audit confirmations	2	15.00	30.00
	z. Safekeeping Account Maintenance	24	10.00	240.00
	aa. Base Fee	2	500.00	1,000.00
		Subtotal page 2		$ 33,800.00

(1) Terminal Wire Transfer Unit Price – $8.00

*Average volume per transaction = $20 million.

Item No.		Annual Estimated Quantity	Unit Price	Annual Extended Price
3.	OPERATING ACCOUNT			
	a. Account Maintenance	12	$15.00	$ 180.00
	b. Account Maintenance – Special Handling	12	7.50	90.00
	c. Checks (Debits)	42,000	0.10	4,200.00
	d. Deposit Slips (Credits)	275	0.60	165.00
	e. Local Items	108	0.05	4.97
	f. Check Encoding	108	0.03	3.24
	g. ARP Full Recon PD Item	42,000	0.05	2,100.00
	h. ARP Full Recon ISS Item	42,000	N/A	N/A
	i. ARP Fine Sort/Item	42,000	0.03	1,260.00
	j. ARP Courier Service	4	@ Cost	@ Cost
	k. Wire Transfer Outgoing Rep	140	8.00 (1)	1,120.00
	l. Wire Transfer Out NREP	4	10.00 (2)	40.00
	m. Incoming Fedwire	12	4.50	54.00
	n. Wire Transfer Mail Advice	132	2.50	330.00
	o. Stop Payments	24	20.00	480.00
	p. Audit confirmations	2	15.00	30.00
		Subtotal page 3		$ 10,267.21

(1) Terminal Wire Transfer Outgoing Rep Unit Price – $6.00

(2) Terminal Wire Transfer Out NREP Unit Price – $8.00

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Item No.		Annual Estimated Quantity	Unit Price	Annual Extended Price
4.	PAYROLL ACCOUNT			
	a. Maintenance (Commercial)	12	$15.00	$ 180.00
	b. Maintenance–Spl Handling	12	7.50	90.00
	c. Checks (Debits)	165,000	0.10	16,500.00
	d. Deposit Slips (Credits)	300	0.60	180.00
	e. Deposit items	200	0.05	9.20
	f. Check encoding	456	0.03	13.68
	g. ARP Full Recon Pd Item	165,000	0.05	8,250.00
	h. ARP Full Recon ISS Item	165,000	N/A	N/A
	i. ARP–MAG Tape/Item (Issue)	12	25.00	300.00
	j. ARP–MAG Tape/Acct (Output)	12	20.00	240.00
	k. ARP Fine Sort/Item	165,000	0.03	4,125.00
	l. ARP–File Maintenance	48	N/A	N/A
	m. ARP Courier Service	12	@ Cost	@ Cost
	n. Tape Processing–Corp	24	30.00	720.00
	0. ACH Credits	12,000	0.10	1,200.00
	p. ACH Return Items–Chg bk	12	5.00	60.00
	q. Stop Payments	48	20.00	960.00
	r. Audit confirmations	2	15.00	30.00

Subtotal page 4 $ 32,857.88

Item No.		Annual Estimated Quantity	Unit Price	Annual Extended Price
5.	BALANCE REPORTING			
	a. Prior day balances	daily	$30.00	$ 1,440.00
	b. Prior day debits/credit report	daily	10.00	480.00
	c. Prior day credits/debit items	daily	0.22	
		Subtotal page 5		$ 1,920.00

Note: Balances will be required for one master account and three subsidiary accounts. Credits are to be reported in detail. Debits are to be listed in aggregate except for wire transfers and individual checks which exceed $100,000, which shall be reported separately.

Grand Total, pages 1–5 $ 80,676.29

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RATE/FEE FORMULA

1. Overnight Investment Rate Formula

Interest on METRO's money market account will be compounded daily on collected balances and paid monthly on the last business day of the month. The per annum rate is applied to collected balances using a 365(366) day basis. It will be based upon a rate equivalent to 88% of the previous week's average of the daily opening Federal Funds rate as quoted by Garvin Guy Butler, excepting that the allowable day-to-day change in the opening Federal Funds rate shall be limited to 200 basis points above or below the prior working day's rate used to compute the weekly average. Such rate shall be rounded to the nearest basis point e.g. 7.025% rounds to 7.03%.

Except under circumstances described previously wherein the day-to-day variance in the federal funds opening rate shall exceed 200 basis points, the weekly average of federal funds opening rates will be calculated by adding the quoted rate for each of the seven days of the week (Tuesday through Monday) and dividing the sum by seven. For each day a rate is not quoted, the quoted rate for the last preceding day on which a rate was quoted shall be used for calculations.

Tuesday will be designated as the first day of the week for the change in interest rate, unless Tuesday is a holiday, at which time the rate change will be effective the next business day.

The Bank agrees to give METRO thirty days' notice if the Bank changes the information services subscribed to for providing the opening Federal Funds rate.

The Bank will limit the total market value of its pledge of acceptable collateral to METRO to a maximum of $9,000,000.

2. Overnight Overdraft Fee Formula

Should an overdraft occur in the Money Market Savings Account, interest on a 365(366) day basis will be computed on the negative collected overdraft amount at a rate equivalent to the Bank's current daily earnings credit rate plus two (2) percent. Any overdraft fee will be included in the Bank's monthly invoice in accordance with Article 4 hereof.

ACCEPTABLE COLLATERAL FOR MONEY MARKET ACCOUNT

1. Bonds and notes of the United States and other evidences of indebtedness whose principal and interest is guaranteed by the United States or is supported by the full faith and credit of the United States;

2. Bonds of the State of Texas, counties, municipalities, independent school districts and common school districts, of rating not less than A as rated by Moody's or Standard & Poor's;

3. Bonds issued under the Federal Farm Loan Act;

4. Bonds of a road district;

5. Bonds, pledges and other securities issued by the Board of Regents of the University of Texas System;

6. Bank acceptances of banks with a capital stock of at least $500,000;

7. Bonds and notes secured by mortgages insured by the Federal Housing Administration.

8. Debentures issued by the Federal Housing Administration;

9. Shares or share accounts of a Texas savings and loan association or a federal savings and loan association domiciled in Texas if payment of the shares or share accounts is insured by the Federal Savings and Loan Insurance Corporation; and

10. Bonds issued by a Texas municipal corporation. (This provision duplicates part of the second provision above).

4. FORECASTING

The major focus of forecasting is to accurately predict cash flow. This acts to identify the timing of cash needs and the availability of cash for investments.

Forecasting is a bottom-up process, where the forecast for the immediate fiscal year provides the basis for the long-term forecast. The forecasting of operating and capital expenditures are kept separate primarily due to the different sources of funding for operations and capital, and legislation which may dictate how certain revenues, e.g. dedicated local taxes, are divided.

The materials on forecasting are organized as follows:

- Operating Budget
- Capital Budget
- Case Study: Cash Flow Forecasting Model
- Forecasting Revenue

The materials address the operating and capital budgets and focus primarily on the expenditure side. A discussion of revenues is applied to both operations and capital. While some revenues are almost always applied to either operations or capital, e.g. farebox revenue for operations, Section 5307 for capital, revenues are discussed as a unit since some of the major sources of revenue are used for both operations and capital, e.g. dedicated local option taxes.

Operating Budget

Forecasting begins with the operating budget since this determines the immediate cash requirements for the transit agency. A well developed package of instructions, forms and data bring consistency to the budget process. These instructions, forms, and data may be contained in a formal budget manual instructional document which is used by department managers in preparing the annual budget. The primary elements of the manual are:

- Definition of the budgetary process, including the relationship between budget development and operational planning
- Identification of information used when developing revenue and expenditure projections
- Provision of instructions, forms, and data necessary for completing the budget development process, including the delegation of certain responsibilities to individual departments, a budget calendar that specifies the dates that information must be completed and submitted for review, and administrative details describing how the budget is prepared and submitted.

Events in the Budget Cycle. The budgeting process is initiated to meet the fiscal year end. The Board of Directors approval of the budget is critical for implementing the forthcoming budget programs.

The following sequence of events highlights the activities which must be completed in the budgeting process. The timing of the events will differ depending upon the size and services of the transit agency. In developing a schedule, a transit agency should work backwards from the target date for approval of the budget.

- Distribute budget line item and staffing forms to Department managers
- Obtain requested staffing levels from Department managers
- Review departmental staffing levels with Executive Director
- Meet with Department managers to review and revise program and project budgets
- Obtain non-wage budget worksheets
- Review of detailed department expenditure budgets by Executive Director and Staff
- Deliver proposed operating budget to Board Finance Committee
- Review operating budget with Board Finance Committee
- Deliver proposed operating budget to Board members for review
- Obtain Board of Directors approval for the operating budget

Department managers develop staffing and program and project budgets based upon current programs and expected changes in these programs. The budget process is service driven, with proposed expenditures initially developed independent of revenues. The Finance Department calculates the departmental wage and fringe benefit budgets based upon approved staffing levels.

Operating Budget Forecasting Procedures. The process for developing the operating budget is initiated through distribution of operating budget estimate forms to all divisions in the transit agency responsible for operations. Each division uses these forms to project budget requirements for the upcoming fiscal year. Each division estimates expenses for each broad category, however estimates for salary and benefits for employees in a division are developed by the Finance Department. The Finance Department estimates all salary and benefits for employees to bring consistency to the process, since these items are the major operating expenses of the transit agency.

Each division submits a form describing any significant increase or decrease (five percent) in budget items. The five percent rate of increase typically represents the effects of inflation. Anything above this rate indicates an increase in service or some type of extraordinary item. A decrease greater than five percent typically represents a decrease in service or some type of cost cutting measure which warrants review. The division also verifies the number of non-represented, represented, and part-time positions for their division. If there are any changes in the total number of positions, the division provides an explanation. Any requests for additional personnel are listed on a personnel projection form, which requires an explanation, e.g., additional drivers needed to increase frequency of service on Routes 1, 2, and 3 by X%.

Attached to the operating budget estimate form is a summary of operating assumptions for the current budget year and through the forecast period, including headways, and miles and hours of transit services. This information is used by the operating divisions to frame their budget estimates. The Planning division prepares fare revenue projections based upon service levels and patronage, fare levels, and employment forecasting. The detailed cost categories are based on service levels and labor (personnel is the primary cost for operations). The bus operating assumptions are based on the number of buses and the number of vehicle miles. Exhibit 4.1 (page 4-1) shows the Operating Budget Forms to be completed by the divisions.

Methodology for Projecting Operating Costs and Revenues. Operating costs for the forthcoming budget year are projected using activity levels adjusted for inflation. A major portion of total projected operating costs relates to labor and fringes. These costs are estimated based on headcounts and known information regarding mandatory contractual increases for bargaining unit employees.

Operating costs for a longer time period are projected using a cost allocation model. This is a three variable model using the following factors.

- Number of peak vehicles in service
- Number of annual vehicle revenue hours
- Number of annual vehicle revenue miles

Transportation and service fees vary directly with the number of vehicle hours of service. Therefore, these items are allocated to the vehicle hours category. Insurance, safety, maintenance and service equipment are allocated to the vehicle miles category since these items usually vary with the number of vehicle miles operated.

Costs that vary with the number of vehicles include fixed costs such as building rent, building maintenance, utilities, general and administrative salaries, taxes and licenses, promotion, and bad debt expense. These items are relatively fixed, but may vary with size of the system's fleet. In cost allocation models, these types of costs are regarded as overhead to support operations, and the scale of operations is best typified by the size of the fleet.

Once all operating costs have been categorized into hours, miles, and vehicle-related costs, the cost categories are divided by the appropriate operating statistics: most recent annual data for number of hours, miles, or vehicles operated to derive the model's forecasting coefficients.

Each division with responsibility for revenue sources submits revenue projections. These projections should be reviewed for reasonableness based on the assumptions used to project the revenues. During the period covered by the budget, variance analysis should be conducted to compare budgeted amounts to actual results. In conducting this variance analysis explanations for the variances and how those variances will impact both revenues and expenditures should be documented.

Exhibit 4.2 (page 4-10) presents an Operating Budget Performance Report. This report shows the monthly and year-to-date budget, actual, and variance for various types of operating revenue. It also shows the history of sales tax revenues and passenger revenues on a monthly basis for the current fiscal year. The report shows expenditures by category, budget performance of fringe benefits, and total expenditures by department. As stated earlier, it is important for management to monitor variances for both revenues and expenditures on a regular basis.

Exhibit 4.3 (page 4-25) presents a Monthly Operating Revenue and Budget Report. This report shows monthly and year-to-date budget, actual, and variance for all revenues and expenses. This report is reviewed monthly by the Executive Director.

Capital Budget

The procedure for capital budgeting forecasting is similar to the operating budget forecast. Capital program forms are distributed to each division considering a capital plan. The division evaluates the work program, current capital program and operating assumptions. Items costing less than a specified value, e.g., $25,000, are grouped together in categories, i.e. tools, furniture, computers, etc. In addition, the capital program form identifies the project type, classification, status, scope and justification, cost estimate by activities, basis of estimates, and cost estimate by fiscal year. Exhibit 4.4 (page 4-31) presents the Capital Program Forms used to project capital expenditures.

One of the challenges in capital budgeting is its dependency on procurement policies. It is difficult to match procurements with budgeted funds with actual expenditures within a fiscal year. Often times budgeted amounts are not expended in the current fiscal year, therefore, creating a carryover funding balance. For example, a problem in forecasting short-term cash flow arises when funds are budgeted to purchase an item in June, however the item is not purchased until the following January of the subsequent fiscal year.

The budgeting process is an on-going effort and not just an annual exercise. Because actual purchases may not occur in the time frame budgeted and expenditures may vary from budgeted amounts, a procedure should be developed to monitor the status of capital purchases.

Forecasting Uses of Capital Funds. Candidate capital projects may be ranked using a series of screening criteria. The initial process evaluates projects with a unit cost exceeding a specified dollar amount and gives a priority ranking based on:

- Impact on ridership
- Effect on farebox recovery ratio

An additional screening is performed to determine if:

- Project is ready for implementation in the current year
- Cost estimates are reasonable
- Project is in the Comprehensive Operating Plan

The project then is matched to available funding sources: Federal, state, local, etc. If a project passes the initial screening process, it will be evaluated further using the following additional criteria:

- Meet regulatory/safety requirement
- Replacement or rehabilitation project
- Improve service quality/efficiency
- Improve passenger comfort
- Improve environment
- Improve economic development

Rating schemes may be developed which weight the criteria and allocate different points among the criteria. The reviewer then awards points to individual candidate projects across the criteria. Frequently, pair-wise comparisons between projects across criteria are used to refine the weighting and scoring process. To the extent this is feasible, pair-wise comparisons establish the dominant projects and generally recommend a superior set of projects. The pair-wise comparisons require stating criteria on a basis of per dollar of expenditure, so as to evaluate the relative strength of projects independent of size and cost. Ultimately, other considerations will surface, such as funding levels, the interdependence among certain sets of projects, and the political realities of spreading projects (and improved service) throughout the area served by the transit agency.

Finally, the projects are organized in a format to assist decision-making and review by management and the Board. Based on funding levels, management then programs capital projects for implementation.

CASE STUDY

Metropolitan Atlanta Rapid Transit Authority (MARTA) is expanding service on its fixed guideway system. This expansion represents a significant long term investment which requires financial analysis to accurately depict the timing of expenditures. This lead MARTA to develop a comprehensive cash flow forecasting model, which is described below.

Forecasting Capital Expenditures. *Atlanta has a number of activity centers which eventually will be joined as rail lines are developed off of the original corridor of rail service. Expansion of the fixed guideway system requires financial analysis to accurately depict the timing of expenditures within MARTA's financial capacity constraints, which includes structuring debt to finance large scale capital improvements.*

MARTA's capital cash flow forecasting model projects expenditures over a 20 year time horizon based on the beginning balance of cash on hand obtained from Treasury Services. The beginning balance plus; fifty percent of projected sales tax revenue, other revenues, investment income, less debt service and project cost is used to determine ending balance. In addition, MARTA completes a sources and applications of funds analysis which is used as the basis for the budget and the "what if" scenarios for capital projects including sensitivity analysis regarding; timing of projects, percent of federal matching *grant funds, and interest rates. The sources and uses of fund analysis is based on a seven year time horizon including the capital portion of sales tax revenues, Section 5309 and Section 5307 funds, other funds, bond sales and proceeds, and investment income less debt service and capital projects expenditures which are recorded by project. The analysis helps MARTA identify shortages of funds and identify the need for a bond sale to finance capital projects or the necessity to defer some projects until cash balances are replenished through sales tax revenue collections. MARTA maintains detailed worksheets to analyze the capital cost of each project featuring a coding procedure that identifies the capital project and components of the project.*

The forecasting process has an adjustment feature to integrate expenditure streams into the forecast. The expenditure streams are linked to the cost estimates, which causes an automatic adjustment to the forecasts.

***Capital Costs.** The project costs are determined based on engineering cost estimates. S-curve analysis is used to project the drawdown of funds for expenditures for capital projects; which models project start-up, peaking of activities, and slowing of expenditures as projects near completion. For some projects, MARTA also uses a straight line drawdown. The model is sensitive to "what if" scenarios such as; the timing for projects, federal share percentage, and interest rates.*

***Projecting Bond Issues.** In projecting a bond issue, MARTA assumes a 10% interest rate at level debt. This produces conservative estimates based on the current 6.5% average interest rate on MARTA debt. The model accounts for soft costs by the size of the bond sale. The difference between the bond sale and the proceeds is estimated by a variable percentage rate which is modeled to cover the bond financing cost. The model has the ability to accommodate short-term financing, a feature that MARTA currently does not use in capital planning.*

Forecasting Revenue

Transit agencies receive revenue from a variety of sources. The major revenue sources are described below. Where different forecasting techniques have been identified these are described to enable transit agencies the opportunity to adapt (and/or combine approaches) which best fit their situations. Passenger revenue which is driven by ridership forecasts are given the most attention, since this is a projection required for every transit agency, and is an activity which is generally performed internally.

Passenger Revenue. Ridership projections are used in conjunction with other indices such as gas prices, average fares, consumer price index, employment, and bus and rail services hours to estimate passenger revenue. Regression analysis is one method to project ridership for transit services. The four independent variables generally used in the modeling process are: bus service levels; rail service levels; employment growth; and fare levels. Employment statistics are obtained from the Bureau of Labor Statistics and the cost is determined using the average fare price.

The short-term ridership projection may be calculated using a spreadsheet model. The ridership forecast is differentiated by service type, i.e. local, express, park and ride. The model uses a multifactor system of variables including service levels, fares, travel times, marketing, economics (employment), etc. After the model generates a ridership number, the trends thought to influence ridership are reviewed to subjectively evaluate the ridership projections based on the service type, i.e. local, express, park and ride.

A relatively straightforward method to forecast ridership is the Simpson curve methodology, whereby every ten percent increase in fares, results in a three percent loss of ridership. This method may be supplemented by data on demographics and population estimates. These data are useful to analyze possible changes in the potential market for transportation services at a zone level.

Tax Revenue. Sales tax revenue is the predominant type of tax revenue used to fund transit services. Projections of sales tax revenues generally require some type of econometric model, although the model may be a simplified relationship of trend analysis. For other taxes, e.g. property tax revenues, the projection requires an estimate of the tax base, since the tax rate and base for valuation are known.

Some transit agencies hire an outside consultant to estimate sales tax revenue. The variables used to forecast the sales tax are employment growth, inflation, population trends, personal income, retail trade, and sales. The sales tax projections are updated at least annually and sometimes semi-annually or upon demand. The use of an recognized outside consultant is frequently required when sales tax projections are included in bond offering statements.

Transit agencies also develop internal projections for sales tax revenue. This is accomplished by performing a trend analysis and a review of the statewide sales tax revenue forecast. The focus requires comparing trends from the current year quarter to the previous year quarter for specific industries located in service areas subject to the local option tax.

Federal Operating Subsidies. Federal operating subsidies estimates are forecasted based on the previous year actual dollars received. Federal subsidies for capital projects are developed based on the historical rate of need for replacement of capital items, recognizing the ceiling level on Section 5307 grants. Frequently, for large scale capital initiatives transit agencies project large amounts of Section 5309 funds. Although these Federal funds are not committed, this is appropriate for projection purposes since project implementation is largely dependent on securing Federal funds.

Miscellaneous Revenue. Miscellaneous revenues estimates such as station parking, charter, and advertising are forecasted in each department responsible for that activity and based on historical data.

Exhibit 4.5 (page 4-37) shows a Cash Flow Forecast Report on an annual basis. The report shows monthly revenues and disbursements for both operating and capital projects. The worksheet accounts for debt service, debt retirement, restricted bond reserve, and risk reserve before displaying available cash.

Exhibit 4.1

Operating Budget Forms

Memorandum

marta

Date: October 19, 1992

To: Senior Staff
Directors

From: Ron Nawrocki Ron Nawrocki
Director of Budget & Management Analysis

Subject: Financial Plan - FY'94 - FY'00

We are requesting your assistance in preparing the Operating and Capital Financial Plan. This comprehensive plan will cover the time period from Fiscal Year 1994 through Fiscal Year 2000 in order to incorporate the Five Year Operating Plan and Transportation Improvement Program (TIP) Requirements. The enclosed packet includes the following:

1) Operating Budget Diskette
2) Appendix A (Operating Instructions/Forms)
3) Appendix B (Capital Instructions/Forms)

Your input on the above items should be submitted to the Division of Budget & Management Analysis no later than November 20, 1992. After receipt, the Budget Office will review your input and contact you to set up a brief meeting as necessary to discuss your input.

If you need additional assistance or information, please contact either Degas Wright (Operating Plan) at extension 5755 or Richard Marsh (Capital Plan) at extension 5489.

Thanks for your prompt attention and cooperation in completing this important Authority-wide activity.

RN:sw
Attachments

Metropolitan Atlanta Rapid Transit Authority
A Standard of Excellence

Appendix A - Operating

Two forms, plus a computer disk with a printed version, have been included for your use in developing estimates of operating expenses and staff levels:

(1) Justification for Operating Expense Increase/Decrease Form

(2) Personnel Projection Form

Included is a list of assumptions you should use in preparing your plan.

Justification For Operating Expenses Increase/Decrease Form and Spreadsheet

A diskette has been included for your use in estimating expenses for Fiscal Year 1994 through Fiscal Year 2000. The disk contains one data file in Lotus 123 format. The expense items that you will estimate are at the category level. We have provided Fiscal Year 1992 actual expenses and Fiscal Year 1993 budgeted expenses for you on the disk. Please enter your estimates on the disk for Fiscal Year 1994 through Fiscal Year 2000. Do not enter any estimates in the Salary and Benefits category. The Budget Office will estimate salary and benefits.

Expenses should be entered in FY'93 dollars. **DO NOT INCLUDE ANY INFLATION FACTORS IN YOUR ESTIMATE.**

The Operating Expenses Increase/Decrease Form has been included for your use in explaining the rationale behind any significant increases or decreases. Please include an explanation for any category line that changes by 5% or more from the previous year. Simply identify the category line on the form followed by an explanation.

If you have any questions or need any assistance, your assigned Management Analyst will be available to help you.

Personnel Projections Form and Spreadsheet

Also included on the diskette are the number of authorized Nonrepresented, Represented and Part-time/Contract positions for your use in estimating personnel needs for Fiscal Year 1994 through Fiscal Year 2000. We have provided the authorized positions for Fiscal Year 1992 and Fiscal Year 1993 for you on the disk. Please enter the number of total positions by year and indicate on the Personnel Projections Form the justifications for any change in total authorized numbers.

Personnel Projections and Spreadsheet (Cont'd)

Your requests for additional personnel should be listed on the attached Personnel Projections Form. One form should be completed for each request. If several like positions are being requested, and the justification is the same for these positions, enter the number of positions needed beside the heading of quantity.

Personnel projections should also include the proposed salary grade and months of effort for any additional positions required during the seven year period. Planned reductions in personnel should also be listed on this form. The months of effort should indicate the number of months in the first year that the additional position will be needed. The Division of Budget and Management Analysis will project the requirements into the future years as well as determine and calculate the salary and benefit costs.

The Personnel Projections Form also includes a space to enter a priority classification code for each requested position. All requests for additional personnel must include one of the following classification codes:

1 = The request is due to system expansion.
2 = The request is due to a legally mandated program increase.
3 = The request is due to an Authority or Board mandated program.
4 = The request is due to a Departmental or Divisional program proposal.

The rationale or justification for each new position request must be <u>thorough</u> and include specific causal factors that would explain the classification code. For example, if X number of track maintainers are required to maintain Y miles of track, then the request for additional personnel should correspond to the added route miles and be assigned a classification code of 1.

Rail Operating Assumptions

1. Station Openings

Fiscal Year	Rail Station Opening Date
FY'93	Bankhead - December 1992
FY'93	Doraville - December 1992
FY'93	Kensington - June 1993
FY'93	Indian Creek - June 1993
FY'96	Buckhead - June 1996
FY'96	Medical Center - June 1996
FY'96	Dunwoody - June 1996
FY'00	Sandy Springs - December 1999

2. Headways - Remain constant and are highlighted below:

Weekdays: 8 minute headways during the peak and base periods; 10 minutes at night.

Saturday: 10 minute headways during the day; 15 minutes at night.

Sunday: 15 minutes all day.

3. Major Rail Sub-system Additions:

	Track Miles	Fare-gates	Eleva-vators	Escala-tors	Power Sub-Sta	ATC Rooms
Bankhead	1.1	5	1	1	1	1
Kensington	1.9	10	1	2	1	1
Indian Creek	1.2	5	1	0	1	1
Doraville	1.9	10	2	1	1	1
Buckhead	1.4	5	3	1	1	1
Medical Ctr.	4.3	5	2	0	1	1
Dunwoody	1.3	5	4	2	1	1
Sandy Springs	0.8	10	6	2	1	1

4. Annual Rail Car Miles & Train Hours

Period	Peak Cars (1)	TOTALS Car Miles	Train Hours
FY-1993	160	16,823,781	137,232
FY-1994	160	20,467,140	158,323
FY-1995	158	20,422,004	157,878
FY-1996	200	21,140,540	161,209
FY-1997(2)	200	29,506,243	196,661
FY-1998	200	29,506,243	196,661
FY-1999	200	29,506,243	196,661
FY-2000	200	30,066,710	198,476

4. Annual Rail Car Miles & Train Hours (Continued)

(1) Maximum number of cars (excluding maintenance reserve) required at any time during the year.

(2) Does not include service for Olympics.

Bus Operating Assumptions

Annual Peak Vehicles, Vehicles Miles and Vehicle Hours

Fiscal Year	Peak Vehicles	Vehicle Miles	Vehicle Hours
FY'93	561	29,112,000	2,160,612
FY'94	562	29,163,866	2,160,474
FY'95	563	29,215,759	2,164,318
FY'96	564	29,267,652	2,168,162
FY'97	565	29,319,545	2,172,007
FY'98	566	29,371,438	2,175,851
FY'99	567	29,423,331	2,179,695
FY'00	568	29,475,224	2,183,540

Paratransit Assumptions

Annual Total Vehicles, Peak Vehicles and Vehicle Hours

Fiscal Year	Total Vehicles	Peak Vehicles	Vehicle Hours
FY'93	19	14	36,400
FY'94	40	32	181,356
FY'95	65	52	241,808
FY'96	82	64	284,480
FY'97	100	82	355,600
FY'98	100	82	355,600
FY'99	100	82	355,600
FY'00	100	82	355,600

Rail Operating Plan Assumptions for FY-1994 -- FY-2000 Financial Plan

Northeast/South Line:

- Operate Chamblee-Airport at all times before opening of Doraville. Operate 8-car trains during weekday peak periods, and 4-car trains at all other times.
- Operate Doraville-Airport at all times after opening of Doraville and before opening of Dunwoody. Operate 8-car trains during weekday peak periods, and 4-car trains at all other times.
- Operate Doraville-Airport at all times after opening of Dunwoody. Operate 8-car trains during weekday peak and base periods, and 4-car trains at all other times.

North Line:

- Operate Dunwoody-Five Points during weekday peak periods, and Dunwoody-Lindbergh at all other times, before opening of Sandy Springs. Operate 6-car trains at all times on weekdays, and 4-car trains on Saturdays and Sundays.
- Operate Sandy Springs-Five Points during weekday peak and base periods, and Sandy Springs-Lindbergh at all other times, after opening of Sandy Springs. Operate 6-car trains at all times on weekdays, and 4-car trains on Saturdays and Sundays.

East/West Line:

- Operate Avondale-Hightower at all times before opening of Indian Creek. Operate 6-car trains on selected weekday peak trips, and 4-car trains at all other times.
- Operate Indian Creek-Hightower at all times after opening of Indian Creek. Operate 6-car trains at all times on weekdays, and 4-car trains on Saturdays and Sundays.

Proctor Creek Line:

- Operate Bankhead-Candler Park during weekday peak periods, and Bankhead-Ashby at all other times, through October 1, 1993. Operate 2-car trains at all times.
- Operate Bankhead-King Memorial during weekday peak periods, and Bankhead-Ashby at all other times, starting October 2, 1993. Operate 2-car trains at all times.

JUSTIFICATION FOR EXPENSES INCREASES/DECREASES

Division Name: ______________________

Category: ________________

Year: ________________

Justification:

Category: ________________

Year: ________________

Justification:

Category: ________________

Year: ________________

Justification:

PERSONNEL PROJECTIONS

Division Name: ______________________________

Fiscal Year: ______________

Job Title: ______________________________

Check Appropriate Designation:

Non-Rep: ________ Rep: ________ Part-time/ Contract: ________

Quantity Requested: ________ Reduced: ________ Proposed Grade: ________

Months of Effort: ________ Priority Factor: ________ (see below)

Justification (use additional pages as necessary):

<u>Priority Factors</u>

All requests for additional personnel must be prioritized according to the following scale:

1 - The request is directly linked to a planned increase in service. This increase must be specified in the justification. Example: Opening of Bankhead station, current staffing plan requires 2 positions/additional station.

2 - The request is linked to a legally mandated program increase. Example: An UMTA mandated program.

3 - The request is linked to an Authority or Board mandated program. Give specific details citing document and/or requestor.

4 - The request is linked to a Department or Divisional program proposal.

Exhibit 4.2

Operating Budget Performance Report

OPERATING BUDGET PERFORMANCE REPORT

ADOPTED BUDGET

REVENUES AND EXPENDITURES

FOR THE MONTH ENDING DECEMBER 31, 1992

PREPARED BY THE DIVISION OF BUDGET & MANAGEMENT ANALYSIS

AS OF DECEMBER 31, 1992

SUMMARY OF OPERATING REVENUE

	FY'93 Adopted Budget	MONTHLY Budget	MONTHLY Actual	MONTHLY Variance	YEAR TO DATE Budget	YEAR TO DATE Actual	YEAR TO DATE Variance
50% Sales Tax	$86,819,000	$7,120,000	$7,206,010	$86,010	$43,183,000	$43,695,670	$512,670
Passenger Rev.	71,822,000	5,537,000	5,445,010	(91,990)	35,684,000	36,056,271	372,271
Other Tran. Rel. Revenue	3,009,465	245,007	301,008	56,001	1,491,511	1,694,899	203,388
Federally Oper. Asst.	8,755,906	729,659	640,035	(89,624)	4,377,958	4,557,671	179,713
Lease Income	1,313,694	121,900	99,114	(22,786)	707,098	738,105	31,007
Interest Income Capital Resv.	7,046,700	587,225	760,777	173,552	3,523,350	3,948,953	425,603
GRAND TOTAL	$178,766,765	$14,340,791	$14,451,954	$111,163	$88,966,917	$90,691,569	$1,724,652

AS OF DECEMBER 31, 1992

FY'93
SALES TAX REVENUES ($000)

	MONTHLY				YEAR TO DATE				
Months	FY'92 Actual	FY'93 Budget	FY'93 Actual	FY'93 Variance	FY'92 Actual Cumm.	FY'93 Budget	FY'93 Actual	FY'93 Variance	% of Growth
July	$14,045,472	$14,264,000	$14,473,780	$209,780	14,045,472	$14,264,000	$14,473,780	$209,780	3.0 %
August	13,814,999	14,701,000	14,682,525	(18,475)	27,860,471	28,965,000	29,156,305	191,305	4.7 %
September	13,201,902	13,725,000	14,242,217	517,217	41,062,373	42,690,000	43,398,522	708,522	5.7 %
October	13,925,569	14,478,000	14,272,988	(205,012)	54,987,942	57,168,000	57,671,510	503,510	4.9 %
November	14,387,712	14,958,000	15,307,809	349,809	69,375,654	72,126,000	72,979,319	853,319	5.2 %
December	13,696,771	14,240,000	14,412,019	172,019	83,072,425	86,366,000	87,391,339	1,025,339	5.2 %
January	13,431,762	13,964,000			96,504,187	100,330,000			
February	16,243,130	16,887,000			112,747,317	117,217,000			
March	13,040,503	13,558,000			125,787,820	130,775,000			
April	13,051,777	13,569,000			138,839,597	144,344,000			
May	14,103,886	14,663,000			152,943,483	159,007,000			
June	14,072,678	14,631,000			167,016,161	173,638,000			
TOTALS	$167,016,161	$173,638,000							

	Actual	Annual Growth
FY'92	167,016	-0.6%
FY'91	168,085	1.4%
FY'90	165,723	2.0%
FY'89	162,543	2.5%
FY'88	158,552	6.7%
FY'87	148,583	1.0%
FY'86	147,149	9.1%
FY'85	134,901	9.3%
FY'84	123,406	10.2%

	Actual	Annual Growth
FY'83	112,008	7.0%
FY'82	104,685	4.9%
FY'81	99,836	13.0%
FY'80	88,342	17.1%
FY'79	75,472	14.1%
FY'78	66,120	14.1%
FY'77	57,933	9.7%
FY'76	52,819	3.7%
FY'75	50,946	0.9%

	Actual	Annual Growth
FY'74	50,501	15.2%
FY'73	43,820	-

*The figure for FY'80 does not reflect $6.777 million for the "13th month" of Sales Tax.

AS OF DECEMBER 31, 1992

FY'93
PASSENGER REVENUE (000)

Months	FY'92 Actual	MONTHLY Budget	MONTHLY Actual	MONTHLY Variance	FY'92 Actual Cumm.	YEAR TO DATE Budget	YEAR TO DATE Actual	YEAR TO DATE Variance	% of Growth
July	$5,130,268	$6,092,000	$6,254,156	$162,156	$5,130,268	$6,092,000	$6,254,156	$162,156	21.9 %
August	5,228,439	5,976,000	6,149,213	173,213	10,358,707	12,068,000	12,403,369	335,369	19.7 %
September	4,862,732	5,731,000	6,262,370	531,370	15,221,439	17,799,000	18,665,740	866,740	22.6 %
October	5,581,663	6,418,000	6,324,519	(93,481)	20,803,102	24,217,000	24,990,259	773,259	20.1 %
November	4,889,968	5,930,000	5,621,004	(308,996)	25,693,070	30,147,000	30,611,261	464,261	19.1 %
December	4,442,447	5,537,000	5,445,010	(91,990)	30,135,517	35,684,000	36,056,271	372,271	19.6 %
January	4,972,501	5,734,000			35,108,018	41,418,000			
February	4,684,501	5,587,000			39,792,519	47,005,000			
March	5,081,501	6,253,000			44,874,020	53,258,000			
April	4,982,320	6,197,000			49,856,340	59,455,000			
May	4,767,244	6,132,000			54,623,584	65,587,000			
June	4,940,037	6,235,000			59,563,621	71,822,000			
TOTALS	$59,563,621	$71,822,000							

FY'93
REVENUE PASSENGERS (000)
(Bus and Rail Ridership)

Months	FY'92 Actual	MONTHLY Budget	MONTHLY Actual	MONTHLY Variance	FY'92 Actual Cumm.	YEAR TO DATE Budget	YEAR TO DATE Actual	YEAR TO DATE Variance	% of Growth
July	5,884,000	5,732,000	5,723,000	(9,000)	5,884,000	5,732,000	5,723,000	(9,000)	(2.7) %
August	5,915,000	5,624,000	5,570,000	(54,000)	11,799,000	11,356,000	11,293,000	(63,000)	(4.3) %
September	5,569,000	5,393,000	5,720,000	327,000	17,368,000	16,749,000	17,013,000	264,000	(2.0) %
October	6,387,000	6,039,000	5,710,000	(329,000)	23,755,000	22,788,000	22,723,000	(65,000)	(4.3) %
November	5,585,000	5,581,000	4,997,000	(584,000)	29,340,000	28,369,000	27,720,000	(649,000)	
December	5,059,000	5,210,000			34,399,000	33,579,000			
January	5,641,000	5,396,000			40,040,000	38,975,000			
February	5,388,000	5,257,000			45,428,000	44,232,000			
March	5,733,000	5,884,000			51,161,000	50,116,000			
April	5,766,000	5,831,000			56,927,000	55,947,000			
May	5,507,000	5,771,000			62,434,000	61,718,000			
June	5,582,000	5,867,000			68,016,000	67,585,000			
TOTALS	68,016,000	67,585,000							

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
OPERATING REVENUES

Description	ANNUAL Adopted Budget	MONTHLY Budget	MONTHLY Actual	MONTHLY Variance	YEAR-TO-DATE Budget	YEAR-TO-DATE Actual	YEAR-TO-DATE Variance	% Actual to YTD Budget
OTHER TRANSIT RELATED REVENUE:								
STATION PARKING	$626,000	$48,260	$34,654	($13,606)	$311,021	$318,100	$7,079	102.3%
CHARTER REVENUE	30,000	2,500	355	(2,145)	15,000	18,465	3,465	123.1%
ADVERTISING	832,500	67,500	79,332	11,832	405,000	434,655	29,655	107.3%
ADVERTISING-BUS SHELTERS	0	0	2,799	2,799	0	4,233	4,233	0.0%
RR INS. TRUST INCOME	685,020	57,085	63,582	6,497	342,510	400,234	57,724	116.9%
OTHER MISC. TRANSIT REL.	4,000	333	34	(299)	2,002	11	(1,991)	0.5%
INT. ON SELF-INSURANCE #1	429,900	35,825	42,849	7,024	214,950	248,617	33,667	115.7%
INT. ON SELF-INSURANCE #2	15,960	1,330	1,908	578	7,980	8,092	112	101.4%
NEWSPAPER VEND. COMM.	65,000	5,417	5,739	322	32,502	35,565	3,063	109.4%
PAY PHONE COMMISION	289,000	24,083	23,027	(1,056)	144,502	151,482	6,980	104.8%
INT. ON OPER. SALES TAX	0	0	5,095	5,095	0	24,057	24,057	0.0%
MISC. (KEY CHAINS/WASTE/SLS TAX CRED)	32,085	2,674	41,634	38,960	16,044	51,388	35,344	320.3%
SUB TOTAL	$3,009,465	$245,007	$301,008	$56,001	$1,491,511	$1,694,899	$203,388	113.6%
FEDERAL OPERATING ASSISTANCE:								
FED. OPER. SUB. (SEC. 9)	$5,200,000	$433,333	$438,167	$4,834	$2,600,002	$2,629,002	$29,000	101.1%
FED. REV. (ASSOC. CAP. MAINT.)	3,555,906	296,326	201,868	(94,458)	1,777,956	1,928,669	150,713	108.5%
SUB TOTAL	$8,755,906	$729,659	$640,035	($89,624)	$4,377,958	$4,557,671	$179,713	104.1%
LEASE INCOME:								
PROPERTY RENTAL INCOME	$505,276	$54,173	$27,969	($26,204)	$305,038	$314,938	$9,900	103.2%
CONTRACTED RENTALS	808,418	67,727	71,145	3,418	402,060	423,167	21,107	105.2%
SUB TOTAL	$1,313,694	$121,900	$99,114	($22,786)	$707,098	$738,105	$31,007	104.4%
INTEREST INCOME CAPITAL RESERVES:								
INT. ON REAL PROPERTY	$2,842,500	$236,875	$252,947	$16,072	$1,421,250	$1,489,848	$68,598	104.8%
INT. ON CAPITAL REPL.	4,204,200	350,350	507,830	157,480	2,102,100	2,459,105	357,005	117.0%
SUB TOTAL	$7,046,700	$587,225	$760,777	$173,552	$3,523,350	$3,948,953	$425,603	112.1%
GRAND TOTAL	$20,125,765	$1,683,791	$1,800,934	$117,143	$10,099,917	$10,939,628	$839,711	108.3%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
TOTAL EXPENDITURES BY CATEGORY

Category	ANNUAL Adopted Budget	MONTHLY Adopted Budget	MONTHLY Actual	MONTHLY Variance	YEAR TO DATE Adopted Budget	YEAR TO DATE Actual	YEAR TO DATE Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt YTD Budget
SALARIES	$113,935,069	$9,669,549	$9,975,872	(306,323)	$57,402,822	$56,391,728	$1,011,094	$0	$57,543,341	98 2%
BENEFITS	32,102,386	2,715,212	2,402,730	312,482	16,168,215	15,559,414	608,801	30,621	16,512,351	96 2%
SERVICES	21,281,488	891,082	817,504	73,578	5,680,934	4,381,971	1,298,963	937,902	15,961,615	77 1%
MAT.& SUPP.	19,699,845	1,633,260	1,499,202	134,058	9,845,464	9,632,532	212,932	462,820	9,604,493	97 8%
UTILITIES	9,635,255	684,763	603,278	81,485	4,939,582	4,392,256	547,326	1,200	5,241,799	88 9%
CASUALTIES	5,100,000	565,000	909,708	(344,708)	2,548,000	2,012,595	535,405	0	3,087,405	79 0%
TAXES	823,502	68,625	69,637	(1,012)	411,762	418,367	(6,605)	0	405,135	101 6%
MISC. EXP.	1,568,634	138,029	119,706	18,323	858,048	655,982	202,066	26,798	885,854	76 5%
LEASES	223,750	6,528	26,279	(19,751)	122,787	97,562	25,225	20,416	105,772	79 5%
TRANSFERS	0	0	0	0	0	0	0	0	0	0 0%
MARTA SUPP. INS.	0	0	0	0	0	0	0	0	0	0 0%
DIRECT INS.	2,720,500	226,708	206,486	20,222	1,360,256	1,238,598	121,658	0	1,481,902	91 1%
FIX ASS. CIP SUM.	0	0	0	0	0	0	0	0	0	0 0%
PRIOR YR ADJUST.	0	0	0	0	0	0	0	0	0	0 0%
INVENT. ADJUST.	240,000	20,000	22,957	(2,957)	120,000	121,280	(1,280)	0	118,720	101 1%
ACCURALS/REVERS	0	0	0	0	0	0	0	0	0	0 0%
SUB.TOT.	$207,330,429	$16,618,756	$16,653,359	($34,603)	$99,457,870	$94,902,285	$4,555,585	$1,479,757	$110,948,387	95 4%
CONT.	4,298,904	0	0	0	4,298,904	0	4,298,904	0	4,298,904	0 0%
TOTAL	$211,629,333	$16,618,756	$16,653,359	($34,603)	$103,756,774	$94,902,285	$8,854,489	$1,479,757	$115,247,291	91 5%

*Remaining Fiscal Budget recognizes outstanding encumbrances

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
FRINGE BENEFITS

	ANNUAL	MONTHLY			YEAR TO DATE			
Category	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	% Actual to Adpt. YTD Budget
FICA	$8,663,539	$737,323	$722,826	$14,497	$4,378,843	$4,342,897	$35,946	99.2%
LONG-TERM DIS. INSUR.	77,695	6,475	6,200	275	38,850	35,437	3,413	91.2%
UNION PENSION	3,155,172	268,123	99,253	168,870	1,592,439	1,237,557	354,882	77.7%
NON-UNION PENSION	2,952,415	250,987	260,225	(9,238)	1,490,377	1,560,709	(70,332)	104.7%
LIFE INSURANCE	666,629	55,552	51,658	3,894	333,317	315,792	17,525	94.7%
SHORT-TERM DIS.	5,174	431	249	182	2,588	860	1,728	33.2%
COBRA NON-REP.	(37,188)	(3,099)	(4,658)	1,559	(18,594)	(34,867)	16,273	187.5%
BENEFITS WITHHELD	(8,160)	(680)	(861)	181	(4,080)	(4,046)	(34)	99.2%
COBRA-REP.	(43,608)	(3,634)	(2,756)	(878)	(21,804)	(21,298)	(506)	97.7%
STATE UNEMP.	304,997	25,416	23,000	2,416	152,501	138,000	14,501	90.5%
HEALTH INS NON-REP.	(443,846)	(36,987)	(52,562)	15,575	(221,924)	(228,328)	6,404	102.9%
HEALTH INS REP.	(1,340,258)	(111,688)	(144,426)	32,738	(670,130)	(568,988)	(101,142)	84.9%
WORKERS COMP.	1,553,157	151,587	67,150	84,437	822,989	629,292	193,697	76.5%
WORKERS COMP EXC. INS.	297,165	24,764	7,169	17,595	148,584	145,868	2,716	98.2%
OTH-FGE BFTS	(1,412)	(118)	(105)	(13)	(708)	(970)	262	137.0%
COST CENTER 998	0	0	(3,008)	3,008	0	(14,849)	14,849	0.0%
SUB.TOT.	$15,801,471	$1,364,452	$1,029,354	$335,098	$8,023,248	$7,533,066	$490,182	93.9%
HEALTH CARE	$6,940,265	$577,812	$523,059	$54,753	$3,466,877	$3,113,923	$352,954	89.8%
HMO	8,915,950	742,450	807,818	(65,368)	4,454,700	4,733,286	(278,586)	106.3%
SUB.TOT.	$15,856,215	$1,320,262	$1,330,877	($10,615)	$7,921,577	$7,847,209	$74,368	99.1%
WORK CLOTHES	$292,189	$17,427	$40,264	($22,837)	$146,069	$160,225	($14,156)	109.7%
PKING LOT UNIFORMS	0	0	0	0	0	0	0	0.0%
OTHER NON-DIST. BENEFITS	48,376	3,866	2,235	1,631	24,204	18,914	5,290	78.1%
SUB.TOT.	$340,565	$21,293	$42,499	($21,206)	$170,273	$179,139	($8,866)	105.2%
BENEFITS TRANSFERRED	$104,135	$9,205	---	9,205	$53,117	---	$53,117	0.0%
TOTAL	$32,102,386	$2,715,212	$2,402,730	$312,482	$16,168,215	$15,559,414	$608,801	96.2%

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AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
TOTAL EXPENDITURES BY DEPARTMENT

	ANNUAL	MONTHLY			YEAR TO DATE					
DEPT.	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt. YTD Budget
GENERAL ADMIN.	$9,114,563	$765,485	$730,747	$34,738	$4,602,270	$4,083,368	$518,902	$22,018	$5,009,177	88.7%
TRANSIT SYS. DEVEL.	11,909,885	1,007,465	897,825	109,640	6,097,390	5,499,417	597,973	15,922	6,394,546	90.2%
FINANCE	11,744,737	1,114,713	1,474,001	(359,288)	5,883,564	5,346,474	537,090	134,036	6,264,227	90.9%
BUS SERVICES	90,353,841	7,648,528	7,610,318	38,210	45,411,765	45,319,364	92,401	173,713	44,860,764	99.8%
RAIL SERVICES	73,836,470	5,233,456	5,062,914	170,542	32,231,413	29,787,507	2,443,906	737,096	43,311,867	92.4%
ADMINISTRATION	10,370,933	849,109	877,554	(28,445)	5,231,468	4,866,155	365,313	396,972	5,107,806	93.0%
SUB	$207,330,429	$16,618,756	$16,653,359	($34,603)	$99,457,870	$94,902,285	$4,555,585	$1,479,757	$110,948,387	95.4%
CONT.	4,298,904	0	0	0	4,298,904	0	4,298,904	0	4,298,904	0.0%
TOTAL	$211,629,333	$16,618,756	$16,653,359	($34,603)	$103,756,774	$94,902,285	$8,854,489	$1,479,757	$115,247,291	91.5%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
DEPARTMENT OF GENERAL ADMINISTRATION

	ANNUAL	MONTHLY			YEAR TO DATE					
Office	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt YTD Budget
BOARD & GEN. MGR.	$673,807	$48,055	$69,278	($21,223)	$299,870	$263,080	$36,790	$0	$410,727	87.7%
AUDIT	919,430	80,967	53,788	27,179	462,712	404,629	58,083	206	514,595	87.4%
OEO	387,052	38,589	39,574	(985)	201,093	200,335	758	0	186,717	99.6%
BUDGET	791,336	66,954	60,384	6,570	400,064	357,123	42,941	64	434,149	89.3%
P&PD	642,135	54,659	55,598	(939)	327,105	310,842	16,263	21	331,272	95.0%
FEDERAL & STATE	182,202	15,364	14,513	851	92,783	86,237	6,546	122	95,843	92.9%
LAW DEPT.	1,851,999	156,215	146,011	10,204	914,947	791,239	123,708	1,052	1,059,708	86.5%
MKTG & PUB. INFO.	979,005	76,364	85,244	(8,880)	552,220	431,750	120,470	17,210	530,045	78.2%
CUSTOMER SVCS.	966,750	82,223	74,424	7,804	488,468	484,527	3,941	720	481,503	99.2%
PERSONNEL	1,720,847	146,090	131,933	14,157	863,008	753,606	109,402	2,623	964,618	87.3%
TOTAL	$9,114,563	$765,485	$730,747	$34,738	$4,602,270	$4,083,368	$518,902	$22,018	$5,009,177	88.7%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
DEPARTMENT OF TRANSIT SYSTEMS DEVELOPMENT

	ANNUAL	MONTHLY			YEAR TO DATE					
Division	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt. YTD Budget
AGM	$1,344,681	$116,455	$129,699	($13,244)	$703,374	$676,417	$26,957	$0	$668,264	96 2%
ENGINEERING	5,061,455	422,518	379,659	42,859	2,608,755	2,338,113	270,642	3,702	2,719,640	89 6%
CONSTRUCTION	4,211,340	359,845	287,027	72,818	2,128,184	1,858,922	269,262	5,500	2,346,918	87.3%
PROGRAM CONTROL	1,292,409	108,647	101,440	7,207	657,077	625,965	31,112	6,720	659,724	95.3%
TOTAL	$11,909,885	$1,007,465	$897,825	$109,640	$6,097,390	$5,499,417	$597,973	$15,922	$6,394,546	90 2%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
DEPARTMENT OF FINANCE

	ANNUAL	MONTHLY			YEAR TO DATE					
Division	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt. YTD Budget
AGM	$272,426	$17,203	$17,299	($96)	$98,319	$96,470	$1,849	$0	$175,956	98.1%
ACCOUNTING	1,878,300	164,197	160,717	3,480	963,835	923,534	40,301	0	954,766	95.8%
TREASURY SVCS.	3,281,204	274,298	293,582	(19,284)	1,642,614	1,681,535	(38,921)	133,719	1,465,950	102.4%
RISK MANAGEMENT	6,312,807	659,015	1,002,403	(343,388)	3,178,796	2,644,935	533,861	317	3,667,555	83.2%
TOTAL	$11,744,737	$1,114,713	$1,474,001	($359,288)	$5,883,564	$5,346,474	$537,090	$134,036	$6,264,227	90.9%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
DEPARTMENT OF BUS SERVICES

Division	ANNUAL Adopted Budget	MONTHLY Adopted Budget	MONTHLY Actual	MONTHLY Variance	YEAR TO DATE Adopted Budget	YEAR TO DATE Actual	YEAR TO DATE Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt. YTD Budget
AGM	$331,910	$27,382	$25,723	$1,659	$166,237	$143,453	$22,784	$152	$188,305	86.3%
LABOR RELATIONS	188,527	16,560	6,532	$10,028	94,699	63,028	31,671	0	$125,499	66.6%
BUS TRANSP.	35,557,193	3,066,592	3,044,352	22,240	17,653,839	18,546,384	(892,545)	5,059	17,005,750	105.1%
BUS MAINT.	26,463,046	2,222,178	2,185,437	36,741	13,325,358	13,182,851	142,507	155,675	13,124,520	98.9%
BUS SUPPORT	1,601,068	138,125	139,844	(1,719)	820,762	789,716	31,046	5,809	805,543	96.2%
SS&M	1,168,757	98,146	98,738	(592)	586,932	596,772	(9,840)	678	571,307	101.7%
HAMIL. GRG TRANSP.	16,820,527	1,386,085	1,334,791	51,294	8,683,359	7,797,203	886,156	1	9,023,323	89.8%
HAMIL. GRG MAINT.	8,222,813	693,460	774,901	(81,441)	4,080,579	4,199,957	(119,378)	6,339	4,016,517	102.9%
TOTAL	$90,353,841	$7,648,528	$7,610,318	$38,210	$45,411,765	$45,319,364	$92,401	$173,713	$44,860,764	99.8%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
DEPARTMENT OF RAIL SERVICES

	ANNUAL	MONTHLY			YEAR TO DATE					
Division	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Encumb	Remaining Fiscal Budget	% Actual to Adpt. YTD Budget
AGM	$321,076	$24,411	$19,365	$5,046	$144,193	$123,025	$21,168	$0	$198,051	85.3%
RAIL TRANSP.	11,274,486	953,616	1,079,448	(125,832)	5,682,135	5,477,330	204,805	2,833	5,794,323	96.4%
RAIL MAINT.	25,082,131	2,015,624	1,773,087	242,537	12,851,277	12,029,123	822,154	133,679	12,919,329	93.6%
RAIL SUPPORT	1,445,394	123,221	123,869	(648)	731,227	725,294	5,933	807	719,293	99.2%
POLICE	9,299,512	772,861	836,497	(63,636)	4,708,270	4,627,694	80,576	18,210	4,653,608	98 3%
FACILITIES MAINT.	15,519,507	1,294,592	1,207,974	86,618	7,726,785	6,757,760	969,025	580,883	8,180,864	87.5%
SUBTOTAL	$62,942,106	$5,184,325	$5,040,240	$144,085	$31,843,887	$29,740,226	$2,103,661	$736,412	$32,465,468	93.4%
MID-LIFE	10,894,364	49,131	22,674	26,457	387,526	47,281	340,245	684	10,846,399	12.2%
TOTAL	$73,836,470	$5,233,456	$5,062,914	$170,542	$32,231,413	$29,787,507	$2,443,906	$737,096	$43,311,867	92 4%

AS OF DECEMBER 31, 1992

FY'93
BUDGET PERFORMANCE
DEPARTMENT OF ADMINISTRATION

	ANNUAL	MONTHLY			YEAR TO DATE					
Division	Adopted Budget	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Encumb.	Remaining Fiscal Budget	% Actual to Adpt. YTD Budget
AGM	$268,164	$23,140	$18,146	$4,994	$123,580	$100,423	$23,157	$0	$167,741	81.3%
C & P	3,006,174	254,391	244,179	10,212	1,503,586	1,402,741	100,845	2,463	1,600,970	93.3%
ADMINIS. SVCS.	3,473,596	270,516	278,518	(8,002)	1,751,969	1,622,762	129,207	254,202	1,596,632	92.6%
MGMT. INFO. SVCS.	3,382,999	281,062	313,754	(32,692)	1,732,333	1,618,949	113,384	140,307	1,623,743	93.5%
SUBTOTAL	$10,130,933	$829,109	$854,597	($25,488)	$5,111,468	$4,744,875	$366,593	$396,972	$4,989,086	92.8%
INV. ADJ.	240,000	20,000	22,957	(2,957)	120,000	121,280	(1,280)	0	118,720	101.1%
TOTAL	$10,370,933	$849,109	$877,554	($28,445)	$5,231,468	$4,866,155	$365,313	$396,972	$5,107,806	93.0%

Exhibit 4.3

Monthly Operating Revenue and Budget Report

LYNX
OPERATING STATEMENT
MONTH ENDED FEBRUARY 28, 1993
AND FIVE MONTHS YEAR TO DATE

	MONTH	FIVE MONTHS YEAR TO DATE	BUDGET YEAR TO DATE	FAVORABLE OR (UNFAVORABLE) BUDGET VARIANCE
INCOME				
Customer Fares	$368.304	$1,901,567	$1,759,070	$142.497
Contract Services	$46,772	$488,618	$383,750	$104.868
Interest and Other Income	$48,892	$186,864	$101,375	$85.489
Operating Assistance	$1,143,147	$5,377,355	$6,134,974	($757,619)
TOTAL INCOME	$1,607,115	$7,954,404	$8,379,169	($424.765)
EXPENSES				
Wages and Salaries	$718,147	$3,752,632	$3,767,822	$15.190
Fringe Benefits	$256,312	$1,423,338	$1,503,647	$80 309
Purchased Services	$46,298	$270,069	$594,994	$324.925
Materials and Supplies	$249,416	$1,234,599	$1,563,267	$328 668
Utilities and Taxes	$21,091	$109,516	$104,607	($4.909)
Casualty and Liability Insurance Costs	$37,430	$81,680	$106,129	$24.449
Purchased Transportation Services	$148,832	$492,754	$333,334	($159.420)
Leases and Misc. Expenses	$63,980	$277,517	$405,369	$127 852
TOTAL EXPENSES	$1,541,506	$7,642,105	$8,379,169	$737 064
TOTAL VARIANCE	$65,609	$312,299	$0	$312 299

LYNX

MONTHLY REVENUE REPORT

FEBRUARY 28, 1993

SUMMARY OF REVENUES

		TOTAL	FEBRUARY			YEAR TO DATE			UNEARNED
		BUDGET	BUDGET	ACTUAL	% VARIANCE	BUDGET	ACTUAL	% VARIANCE	REVENUE
401	REVENUE:								
40101100	FULL ADULT FARES	$2,772,410	$231,035	$250,084	8 2%	$1,155,171	$1,288,162	11 5%	$1,484,248
40101200	ONE RIDE TICKETS 75	$90,000	$7,500	$5,576	-25 7%	$37,500	$31,551	-15 9%	$58,449
40101300	TEN RIDE TICKETS 70	$154,557	$12,879	$11,494	-10 8%	$64,399	$64,435	0 1%	$90,122
40101400	TWENTY RIDE TICKETS 60	$570,000	$47,500	$44,280	-6 8%	$237,500	$224,131	-5 6%	$345,869
40101500	EXPRESS FARES	$0	$0	$0		$0	$0		$0
40101600	TRANSFER FARES	$156,000	$13,000	$9,967	-23 3%	$65,000	$51,296	-21 1%	$104,704
40101700	METER EATER FARES	$0	$0	$0		$0	$0		$0
40101800	LASER RUN - UCF	$16,800	$1,400	$2,327	66 2%	$7,000	$8,959	28 0%	$7,841
40102100	HANDICAP & SENIORS	$228,000	$19,000	$18,732	-1 4%	$95,000	$94,959	-0 0%	$133,041
40101900	30 DAY PASS	$120,000	$10,000	$13,530	35 3%	$50,000	$77,707	55 4%	$42,293
	ADVANTAGE PASS	$0	$0	$585		$0	$1,965		($1,965)
40102200	STUDENT FARES	$114,000	$9,500	$11,729	23 5%	$47,500	$58,400	22 9%	$55,600
40203000	CONTRACT ELDERLY & HANDICAP	$0	$0	$9,680		$0	$29,197		($29,197)
40999100	ORLANDO CONTRACT FOR METER EATER	$625,000	$52,084	$36,228	-30 4%	$260,416	$209,489	-19 6%	$415,511
40204000	CONTRACT WDW	$84,000	$7,000	$0	-100 0%	$35,000	$7,162	-79 5%	$76,838
40203001	CONTRACT UCF	$50,000	$4,166	$4,167	0 0%	$20,834	$25,000	20 0%	$25,000
40203002	CONTRACT UACTA	$42,000	$3,500	$3,333	-4 8%	$17,500	$16,665	-4 8%	$25,335
	PARATRANSIT - TRANSPORTATION DISADVANTAGED	$0	$0	$33,899		$0	$97,926		($97,926)
	PARATRANSIT - SPONSOR AGENCIES	$0	$0	($44,431)		$0	$44,057		($44,057)
40206000	SHUTTLES	$120,000	$10,000	$3,896	-61 0%	$50,000	$59,120	18 2%	$60,880
40601000	STATION CONCESSION	$6,000	$500	$57	-88 6%	$2,500	$1,588	-36 5%	$4,412
40603000	ADVERTISING ON BUSES	$0	$0	$3,000		$0	$3,000		($3,000)
40702000	VEHICLE RENTAL	$600	$50	$151	202 0%	$250	$251	0 4%	$349
40704000	INTEREST INCOME	$96,000	$8,000	$1,389	-82 6%	$40,000	$17,094	-57 3%	$78,906
40704500	REVENUE USED FOR SELF INS & CLAIMS	$135,000	$11,250	$43,859	289 9%	$56,250	$149,910	166 5%	($14,910)
40799000	OTHER NON-TRANSIT REVENUE	$5,700	$475	$436	-8 2%	$2,375	$15,022	532 5%	($9,322)
	TOTAL REVENUE FROM OPERATIONS	$5,386,067	$448,839	$463,968	3 4%	$2,244,195	$2,577,046	14 8%	$2,809,021
	SUBSIDIES:								
40901100	LOCAL OPERATING ASSISTANCE - ORANGE COUNTY	$6,801,561	$566,797	$563,463	-0 6%	$2,833,985	$2,817,316	-0 6%	$3,984,245
40901200	LOCAL OPERATING ASSISTANCE - SEMINOLE COUNTY	$500,000	$41,666	$64,818	55 6%	$208,334	$339,485	63 0%	$160,515
40901300	LOCAL OPERATING ASSISTANCE - CITY OF ORLANDO	$2,362,092	$196,841	($243,611)	-223.8%	$984,205	$552,084	-43 9%	$1,810,008
	LOCAL OPERATING ASSISTANCE - OSCEOLA COUNTY	$0	$0	$0		$0	$0		$0
	LOCAL OPERATING ASSISTANCE - ALTAMONTE SPRINGS	$0	$0	$0		$0	$0		$0
40999200	LOCAL PLANNING ASSISTANCE - ORANGE COUNTY	$0	$0	$0		$0	$1,884		($1,884)
40999300	LOCAL PLANNING ASSISTANCE - SEMINOLE	$0	$0	$0		$0	$127		($127)
40999400	LOCAL PLANNING ASSISTANCE - CITY OF ORLANDO	$0	$0	$0		$0	$309		($309)
41101000	STATE OPERATING ASSISTANCE	$2,135,090	$170,737	$356,364	108 7%	$939,932	$760,127	-19 1%	$1,374,963
41103100	STATE RIDESHARE GRANT	$25,000	$2,083	$9,412	351 8%	$10,415	$9,412	-9 6%	$15,588
41103200	STATE URBAN CORRIDOR GRANT	$0	$0	$0		$0	$0		$0
41103300	STATE VAN POOL GRANT	$0	$0	$0		$0	$0		$0
41103400	STATE PLANNING & DEMO GRANTS	$0	$0	$17,470		$0	$17,470		($17,470)
41301000	FEDERAL OPERATING ASSISTANCE	$2,014,691	$160,704	$356,363	121 8%	$889,769	$760,126	-14 6%	$1,254,565
41398100	FED OPERATING ASSISTANCE FROM CAPITAL GRANTS	$464,000	$38,667	$18,868	-51 2%	$193,335	$119,016	-38 4%	$344,984
41399000	FEDERAL SECT #8 PLANNING ASSISTANCE	$100,000	$8,333	$0	-100 0%	$41,665	$0	-100 0%	$100,000
	FEDERAL SECT #9 PLANNING ASSISTANCE	$80,000	$6,667	$0	-100 0%	$33,335	$0	-100 0%	$80,000
	TOTAL REVENUE FROM SUBSIDIES	$14,482,434	$1,192,495	$1,143,147	-4 1%	$6,134,975	$5,377,356	-12 3%	$9,105,078
	TOTAL REVENUE FROM ALL SOURCES	$19,868,501	$1,641,334	$1,607,115	-2 1%	$8,379,170	$7,954,402	5 1%	$11,914,099

LYNX
MONTHLY BUDGET REPORT
FEBRUARY 28, 1993

DEPARTMENT: ALL DEPARTMENTS

		TOTAL BUDGET	FEBRUARY BUDGET	FEBRUARY ACTUAL	FEBRUARY % VARIANCE	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE % VARIANCE	UNEXPENDED BALANCE	UNLIQUIDATED OBLIGATIONS	AVAILABLE BALANCE
501	LABOR										
5010100	Operators' Salaries and Wages	$5,787 565	$468,442	$444 184	-9 1%	$2,368,474	$2,336,178	-1 4%	$3,451,387		$3,451 387
5010210	Other Salaries & Wages Maintenance Union	$1,424,945	$118,745	$113,376	-4 5%	$593,727	$596,166	0 4%	$828,759		$828 759
5010200	Other Salaries and Wages	$1,912,491	$156,124	$160,565	1 6%	$805,621	$820,268	1 6%	$1,092 223		$1,092,223
	SUBTOTAL	$9,125,001	$765,311	$718,147	-6 2%	$3,767,822	$3,752,632	-0 4%	$5,372,369		$5,372,369
502	FRINGE BENEFITS										
5020100	FICA	$719,039	$59,920	$56,065	-6 4%	$299,600	$299,266	-0 1%	$419,751		$419,751
5020200	Pension Plans Union	$575,024	$47,919	$47,014	-1 9%	$239,593	$261,694	9 3%	$313,130		$313,130
5020210	Pension Plans Non-Union	$375,722	$31,310	$29,609	-4 8%	$156,551	$155,844	-0 5%	$219,878		$219,878
5020300	Hospital, Medical & Surgical	$614,697	$43,889	$54,024	23 1%	$307,677	$207,042	-32 7%	$407,655		$407,655
5020400	Dental Plans	$0	$0	$354		$0	$12,623		($12,623)		($12,623)
5020500	Life Insurance Plans	$896	$75	$2,169	2792 0%	$373	$14,445	3772 7%	($13,549)		($13,549)
5020600	Short-Term Disability Ins Plans	$25,332	$2,111	($910)	-143 1%	$10,555	$15,209	44 1%	$10,123		$10,123
5020700	Unemployment Insurance - Federal	$20,512	$1,709	$5,697	233 4%	$8,547	$12,606	47 5%	$7,906		$7,906
5020710	Unemployment Insurance - State	$10,280	$857	$2,354	174 7%	$4,283	$5,261	22 8%	$5,019		$5,019
5020800	Workers' Compensation Insurance	$180,000	$15,000	$9,679	-35 5%	$75,000	$77,600	3 5%	$102,400		$102,400
5020900	Sick Leave	$211,991	$13,638	$15,739	15 4%	$116,523	$68,719	-41 0%	$143,272		$143,272
5021000	Holiday	$297,492	$24,791	$8,175	-67 0%	$123,955	$138,627	11 8%	$158,865		$158,865
5021100	Vacation	$313,465	$26,122	$19,859	-24 0%	$130,611	$122,844	-5 9%	$190,621		$190,621
5021200	Other Paid Absence	$0	$0	$537		$0	$582		($582)		($582)
5021300	Uniform & Work Clothing Allowances	$52,168	$4,347	$3,801	-12 6%	$21,737	$21,299	-2 0%	$30,869		$30,869
5021400	Other Fringe Benefits	$20,740	$1,728	$1,926	11 5%	$8,642	$9,456	9 4%	$11,284		$11,284
	SUBTOTAL	$3,417,556	$273,416	$256,312	-6 3%	$1,503,847	$1,423,339	-5 3%	$1,994,219		$1,994,219
503	SERVICES										
5030100	Management Serv Fee ATE Contract	$0	$0	$0		$0	$0		$0		$0
5030110	Other ATE Expenses	$0	$0	$0		$0	$1,200		($1,200)		($1,200)
5030200	Advertising Fees	$85,000	$7,083	$0	-100 0%	$35,417	$0	-100 0%	$85,000		$85,000
5030210	Broadcast Production	$125,000	$10,417	$3,058	-70 6%	$52,083	$30,184	-42 0%	$94,816		$94,816
5030220	Print Production	$100,000	$8,333	$1,940	-76 7%	$41,667	$6,875	-83 5%	$93,125		$93,125
5030230	Outdoor Production	$0	$0	$0		$0	$315		($315)		($315)
5030240	Ad Placement Fee-Commission	$0	$0	$0		$0	$0		$0		$0
5030250	Other Agency Fees	$0	$0	$0		$0	$0		$0		$0
5030300	Other Prof. & Technical	$264,000	$22,000	$12,322	-44 0%	$110,000	$59,907	-45 5%	$204,093		$204,093
5030310	Auditing	$150,000	$12,500	$6,370	-49 0%	$62,500	$43,660	-30 1%	$106,340		$106,340
5030320	Legal	$105,000	$8,750	$6,274	-28 3%	$43,750	$28,762	-34 3%	$76,238		$76,238
5030330	Computer Services	$10,000	$833	$0	-100 0%	$4,167	$0	-100 0%	$10,000		$10,000
5030340	Lobbying	$35,000	$2,917	$2,276	-22 0%	$14,583	$9,623	-34 0%	$25,377		$25,377
5030351	Market Research	$30,000	$2,500	$0	-100 0%	$12,500	$0	-100 0%	$30,000		$30,000
5030400	Temporary Help	$25,600	$2,133	$0	-100 0%	$10,667	$12,831	20 3%	$12,769		$12,769
5030500	Contract Maintenance Services	$55,830	$4,652	$5,054	8 6%	$23,262	$26,124	12 3%	$29,706		$29 706
5030510	Office Equipment Contracts	$45,000	$3,750	$2,594	-30 8%	$18,750	$19,034	1 5%	$25,966		$25,966
5030600	Custodial Services	$32,000	$2,667	$0	-100 0%	$13,333	$0	-100 0%	$32,000		$32 000
5030700	Security Services	$97,890	$5,380	$6,221	15 6%	$60,232	$28,266	-53 1%	$69,624		$69 624
5030710	Armored Car Contract	$10,000	$833	$0	-100 0%	$4,167	$2,367	-43 2%	$7 633		$7 633
5039910	Reference Checks	$1 000	$83	$173	108 4%	$417	$615	47 5%	$385		$385
5039900	Other Services	$210,000	$17,500	$16	-99 9%	$87,500	$304	-99 7%	$209,696		$209 696
	SUBTOTAL	$1 381 320	$112 331	$46 298	-58 8%	$594,905	$270 067	54 6%	$1,111,253		$1 111 253

LYNX

MONTHLY BUDGET REPORT

FEBRUARY 28, 1993

DEPARTMENT: ALL DEPARTMENTS

		TOTAL BUDGET	FEBRUARY BUDGET	FEBRUARY ACTUAL	FEBRUARY % VARIANCE	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE % VARIANCE	UNEXPENDED BALANCE	UNLIQUIDATED OBLIGATIONS	AVAILABLE BALANCE
504	**MATERIALS AND SUPPLIES CONSUMED**										
5040110	Diesel Fuel	$1,333 910	$111,159	$87,565	-21 2%	$555,796	$475,452	-14 5%	$858,458		$858,458
5040120	Gasoline	$9,975	$831	$1,722	107 2%	$4,156	$8,647	108 1%	$1,328		$1,328
5040130	Oil and Lubricants	$58,518	$4,599	$5,222	13 5%	$28,328	$31,800	20 8%	$26,718		$26,718
5040200	Tires and Tubes	$377,370	$31,448	$19,148	-39 1%	$157,238	$146,928	-6 8%	$230,442		$230,442
5040352	Printing - Maps	$70,000	$5,833	$0	-100 0%	$29,167	$0	-100 0%	$70,000		$70,000
5040353	Printing - Schedules	$96,970	$8,081	$4,053	-49 8%	$40,404	$22,501	-44 3%	$74,469		$74,469
5040354	Printing - Other	$30,800	$2,567	$197	-92 3%	$12,833	$6,059	-52 8%	$24,741		$24,741
5040356	Printing - Direct Mail	$1,800	$150	$0	-100 0%	$750	$0	-100 0%	$1,800		$1,800
5049910	Office Supplies	$35,000	$2,917	$2,636	-9 6%	$14,583	$13,214	-9 4%	$21 786		$21,786
5049911	Fare Collection Department Supplies	$40,000	$3,333	$5,350	60 5%	$16,667	$10,784	-35 3%	$29,216		$29,216
5049912	Computer Supplies	$6,000	$500	$708	41 6%	$2,500	$1,430	-42 8%	$4,570		$4,570
5049930	Marketing Promotional Items	$60,000	$5,000	$788	-84 2%	$25,000	$1,996	-92 0%	$58,004		$58,004
5049931	Marketing Brochure and Flyers	$45,000	$3,750	$0	-100 0%	$18,750	$853	-95 5%	$44,147		$44,147
5049940	Freight	$12,891	$1,074	$716	-33 3%	$5,371	$2,983	-44 5%	$9,908		$9,908
5049941	Vehicle Repairs - Revenue Equipment	$922,719	$74,810	$64,793	-13 4%	$309,050	$314,162	-21 3%	$608,557		$608,557
5049942	Vehicle Repairs - Leased Buses	$1,525	$127	$0	-100 0%	$635	$0	-100 0%	$1,525		$1,525
5049943	Vehicle Repairs - Accidents	$107,023	$8,919	$383	-95 7%	$44,593	$4,648	-89 6%	$102,375		$102,375
5049944	Vehicle Repair - Non - Revenue Equip	$20,718	$1,726	$1,630	6 0%	$8,632	$6,099	-29 3%	$14,619		$14,619
5049945	Veh Maint Parts - Non - Inventory	$222,929	$18,577	$40,290	116 9%	$92,887	$119,310	28 4%	$103,619		$103,619
5049945	Warranty Parts	$0	$0	$0		$0	($13,368)		$13,368		$13,368
5049946	Repairs to Building and Grounds	$37,500	$3,125	$2,034	-34 9%	$15,625	$22,700	45 3%	$14,800		$14,800
5049947	Repairs to Terminal	$37,500	$3,125	$0	-100 0%	$15,625	$6	-100 0%	$37,494		$37,494
5049948	Cleaning Supplies	$29,850	$2,488	$4,613	85 4%	$12,438	$21,842	75 6%	$8,008		$8,008
5049949	Small Tools Expense	$38,810	$3,234	$2,069	-36 0%	$16,171	$5,716	-64 6%	$33,092		$33,092
5049950	Other Materials & Supplies	$115,365	$9,614	$5,299	-44 9%	$48,069	$30,855	-35 8%	$84,510		$84,510
	SUBTOTAL	$3,712,173	$308,987	$249,418	-18 8%	$1,563,288	$1,234,599	-21 0%	$2,477,574		$2,477,574
505	**UTILITIES**										
5050200	Utilities	$130,000	$10,833	$12,395	14 4%	$54,167	$57,227	5 6%	$72,773		$72,773
5050210	Telephone	$40,500	$3,375	$2,779	-17 7%	$16,875	$14,805	-12 3%	$25,695		$25,695
	SUBTOTAL	$170,500	$14,208	$15,174	6 8%	$71,042	$72,032	1 4%	$98,468		$98,468
506	**CASUALTY AND LIABILITY COSTS**										
5060100	Premium Physical Damage Insurance	$50,042	$3,892	$3,779	-2 9%	$22,795	$15,116	-33 7%	$34,926		$34,926
5060200	Recovery Physical Damange Losses	$0	$0	($1,971)		$0	($12,952)		$12,952		$12,952
5060300	Premiums Public Liab/Prop Damage Ins	$50,000	$4,167	$1,441	-65 4%	$20,833	$7,205	-65 4%	$42,795		$42,795
5060400	Payout - Unins Public Liab/Prop Damage	$150,000	$12,500	$34,181	173 4%	$62,500	$72,309	15 7%	$77,691		$77,691
5060500	Provision - Unins Public Liab/Prop	$0	$0	$0		$0	$0		$0		$0
5060600	Payout - Ins Public Liab/Prop Damage	$0	$0	$0		$0	$0		$0		$0
5060700	Recoveries Public Liab/Prop Damage	$0	$0	$0		$0	$0		$0		$0
5060800	Premiums - Other Corporate Insurances	$0	$0	$0		$0	$0		$0		$0
5060900	Other Corporate Losses	$0	$0	$0		$0	$0		$0		$0
5061000	Recoveries of Other Corporate Losses	$0	$0	$0		$0	$0		$0		$0
	SUBTOTAL	$250,042	$20,559	$37,430	82 1%	$106,126	$81 678	23 0%	$168,384		$168 384

LYNX

MONTHLY BUDGET REPORT

FEBRUARY 28, 1993

DEPARTMENT: ALL DEPARTMENTS

		TOTAL BUDGET	FEBRUARY BUDGET	FEBRUARY ACTUAL	FEBRUARY % VARIANCE	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE % VARIANCE	UNEXPENDED BALANCE	UNLIQUIDATED OBLIGATIONS	AVAILABLE BALANCE
507	**TAXES**										
5070300	Property Taxes	$0	$0	$0		$0	$0		$0		$0
5070400	Veh Licensing Registration Fee	$7,500	$625	$532	-14.9%	$3,125	$4,980	59.4%	$2,520		$2,520
5070500	Fuel and Lubricant Taxes	$68,057	$5,671	$5,385	-5.0%	$28,357	$27,763	-2.1%	$40,294		$40,294
5079900	Other Taxes	$5,000	$417	$0	-100.0%	$2,083	$4,741	127.6%	$259		$259
	SUBTOTAL	$80,557	$6,713	$5,917	-11.9%	$33,565	$37,484	11.7%	$43,073		$43,073
508	**PURCHASED TRANSPORTATION SERVICES**										
5080100	Purchased Transportation Service – ADA	$800,000	$66,667	$63,456	-4.8%	$333,333	$255,298	-23.4%	$544,702		$544,702
	Purchased Transportation Service – TD			$77,259		$0	$144,656		($144,656)		($144,656)
	Purchased Transportation Service – Sponsors			$8,117		$0	$92,801		($92,801)		($92,801)
	SUBTOTAL	$800,000	$66,667	$148,832	123.2%	$333,333	$492,755	47.8%	$307,245		$307,245
509	**MISCELLANEOUS EXPENSES**										
5090100	Dues and Subscriptions	$41,900	$3,492	$3,747	7.3%	$17,458	$15,848	-9.2%	$26,052		$26,052
5090200	Travel, Meetings, and Training	$157,500	$13,125	$4,770	-63.7%	$65,625	$55,219	-15.9%	$102,281		$102,281
5090210	Educational Programs	$23,000	$1,917	$0	-100.0%	$9,583	$0	-100.0%	$23,000		$23,000
5090300	Highway Tolls	$250	$21	$46	119.0%	$104	$129	24.0%	$121		$121
5090410	Safety Award Banquet	$45,000	$3,750	$0	-100.0%	$18,750	$18,068	-3.6%	$26,932		$26,932
5090500	Charitable Donations	$500	$42	$0	-100.0%	$208	$25	-88.0%	$475		$475
5090600	Fines and Penalties	$0	$0	$0		$0	$0		$0		$0
5090700	Bad Debt Expense	$0	$0	$0		$0	$0		$0		$0
5090800	Advertising/Promotion Media	$0	$0	$0		$0	$0		$0		$0
5090810	TV Media	$200,000	$16,667	$5,000	-70.0%	$83,333	$30,000	-64.0%	$170,000		$170,000
5090820	Radio Media	$85,000	$7,083	$21,250	200.0%	$35,417	$21,250	-40.0%	$63,750		$63,750
5090830	Print Media	$100,000	$8,333	$1,350	-83.8%	$41,667	$11,910	-71.4%	$88,090		$88,090
5090840	Outdoor Media	$40,000	$3,333	$0	-100.0%	$16,667	$6,068	-63.6%	$33,932		$33,932
5099900	Other Miscellaneous Expenses	$130,500	$10,784	$11,234	4.4%	$55,153	$64,643	17.2%	$65,857		$65,857
5099910	Postage, Express Mail Services	$26,000	$2,167	$2,113	-2.5%	$10,833	$11,314	4.4%	$14,686		$14,686
5099920	Classified Ads	$9,500	$792	$1,252	58.1%	$3,958	$4,104	3.7%	$5,396		$5,396
5099930	Marketing Promotions	$0	$0	$0		$0	$929		($929)		($929)
	SUBTOTAL	$859,150	$71,468	$50,782	-29.0%	$358,758	$239,507	-33.2%	$619,643		$619,643
512	**LEASES AND RENTALS**										
5120200	Passenger Stations	$0	$0	$0		$0	$0		$0		$0
5120400	Passenger Revenue Vehicles	$55,000	$2,222	$8,400	278.0%	$39,445	$16,790	-57.4%	$38,210		$38,210
5121000	Data Processing Facilities	$8,000	$667	$1,004	50.5%	$3,333	$8,668	160.0%	($668)		($668)
5121200	Other General Admin Facilities	$9,200	$767	$3,814	397.3%	$3,833	$12,555	227.6%	($3,355)		($3,355)
	SUBTOTAL	$72,200	$3,656	$13,218	261.5%	$46,611	$38,011	-18.5%	$34,189		$34,189
	TOTAL ALL EXPENSES	$19,888,501	$1,641,334	$1,541,506	-6.1%	$8,379,187	$7,842,104	-6.6%	$12,226,397		$12,226,397

Exhibit 4.4

Capital Program Forms

Appendix B
Long Range Capital Program

This year MARTA is incorporating the capital program into its annual long range planning program. This plan will cover the time period from Fiscal Year 1994 through Fiscal Year 2000.

Your participation in the development of the capital program will be accomplished by completing the attached Capital Program Form. This form has been structured to obtain information necessary for the Budget Office to evaluate your request, identify potential funding sources and incorporate it into an overall Authority capital and operating program. Instructions have been attached to aid in completion of the form.

To develop an overall capital plan for MARTA, it is important that the information you prepare and submit be comprehensive. An evaluation of your workprogram, current capital program and the operating assumptions shown in Appendix A will provide a good starting point. In addition to these sources, a walk through of your area may serve to flag you of tooling, equipment and other capital items which may require rehabilitation, replacement or expansion during the seven year period.

In some cases procurements or projects may be grouped on one form. The following guidelines should be used when deciding whether to group items or place it on a form by itself.

- The following is a list of possible item groupings:
  - Tools
  - Furniture
  - Communication Equipment
  - Computers
  - Support Vehicles
  - Maintenance Vehicles
  - Fare Collection Equipment
  - Training Equipment

  This list shows the types of items that may be grouped. This list is not intended to show all groupings. You may establish other groupings as needed.
- A form should be completed whenever expenditures for a project or group of items for your Division will exceed $5,000 in any one fiscal year. Groups or items that will not total $5,000 in any fiscal year do not need to be reported for this effort.
- Items or projects costing more than $25,000 each should not be grouped with other items. As an example, the bus procurement program would be identified on an individual form since a bus costs more than $25,000.

Your efforts in developing this initial plan are greatly appreciated. Please feel free to call upon the Capital Analysis staff to assist you in this effort.

CAPITAL PROGRAM FORM

1. Project Title: Descriptive title of the project/procurement.

2. Requesting Div/Dept: Name of your Division/Department.

3. Division Number: Your Division Number.

4. Project Manager: Person managing the project.

5. Phone Number: Phone number of project manager.

6. Project Type: Select type from the following.

   I. Rehabilitation
      a. Revenue vehicles
      b. Maintenance/Operations Facilities
      c. Equipment
      d. Lines, Structures, Stations
      e. Other

   II. Replacement
      a. Revenue vehicles
      b. Maintenance and support vehicles
      c. Equipment
      d. Other

   III. New/Additional
      a. Revenue vehicles
      b. Maintenance and support vehicles
      c. Equipment
      d. Facilities
      e. Other

7. Project Classification: Select classification from the following.

   Compliance Related: Required by the MARTA Board or required to meet statutory requirements of local, state, or Federal Governments.

   Service/Reliability: Necessary to maintain safe, secure, dependable service to the public.

   Operational Effectiveness/Efficiency: Contributes to reducing current or future cost of service or contributes to the increased effectiveness, efficiency, productivity of operation.

   Other: Capital activities which do not fit in one of the above classifications.

8. Project Status: Status as of October 1992 from the following.

Proposed
Previously approved, not started
Design
Bid Solicitation
Awarded
In-progress
Nearing Completion

9. Project Scope and Justification:

Scope: Provide a summary of all activities and/or procurement items that are associated with this project.

Justification: Describe why this project is necessary. Include all relevant facts and the source of the information. Information should include evaluation of cost and benefits and any other information that may aid in the evaluation of the project/procurements merit. A relationship to both the project type and classification should be made. Examples of these relationships are shown below:

-- Service/Reliability - describe condition, correction, alternatives, etc.
-- Operational Effectiveness/Efficiency - cost impacts, service improvements, impacts resulting if project is not implemented, etc.
-- Compliance Related - state regulation or statute, penalties associated with noncompliance, required compliance schedule, etc.
-- Replacement - what is being replaced, age and condition of item, etc.
-- Rehabilitation - why does it need to be rehabilitated, what is the age and condition of the item, how many years will be added to the service life of the item, etc.

With your justification, provide a proposed schedule and include the impacts of slowing the project down, deferring of the project or not implementing the project. In addition to these impacts, if the project is underway, indicate the remaining scope and the expected completion schedule.

10. Cost Estimate by Activity: This section should provide an allocation of total project/procurement costs for each activity listed. (all values should be in 1992 dollars, DO NOT ESCALATE VALUES)

11. Basis of Estimate: Provide method of cost development (i.e. engineer's estimate, other agencies, historical, etc.)

12. Cost Estimate by Fiscal Year: This section should provide a fiscal year (cashflow) allocation of the total project/procurement costs for multiyear activities or recurring annual programs. (all values should be in 1992 dollars, DO NOT ESCALATE VALUES) The total value shown for this column should equal the total in column 10.

13. Quantity: If this is a procurement, include an annual breakout of quantities to be delivered or received.

14. Prepared By: Name of individual that can answer questions about information provided on this form.

15. Approved By: Director or Senior Staff signature and date as per your departmental policy.

CAPITAL PROGRAM
FISCAL 1994 THROUGH FISCAL 2000

1 PROJECT TITLE ______________________________

QUESTING DIV/DEPT ____________________ 3. DIVISION NUMBER __________

4 PROJECT MANAGER ____________________ 5. PHONE NUMBER __________

6 PROJECT TYPE ____________________ 7. CLASSIFICATION __________

8. STATUS ____________________

9 PROJECT SCOPE AND JUSTIFICATION (**attach additional sheets as needed**)

COST ESTIMATES (X$1,000)

ACTIVITY ESTIMATES		FISCAL YEAR EXPENDITURE ESTIMATES		
ACTIVITY	10. TOTAL COST	FY	12. COST	13. QUANTITY
STAFF TIME		1994		
PLANNING		1995		
REAL ESTATE		1996		
ENGINEERING/DESIGN		1997		
TOOLS/EQUIPMENT		1998		
CONSTRUCTION		1999		
		2000		
TOTAL		TOTAL		
11 BASIS OF ESTIMATE				

14. PREPARED BY ____________________ PHONE: __________

15. APPROVED BY: ____________________ DATE: __________

DIRECTOR / SENIOR STAFF

Exhibit 4.5

Cash Flow Forecast Report

10 Feb 93 1993 FORECAST

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
BEGINNING BALANCE	45 063 631	45 100 115	44 022 001	28 021 211	24 305 154	22 000 520	25 204 370	24 520 000	24 012 233	24 705 300	23 070 000	23 153 047	45 061 631
RECEIPTS													
PASSENGER REVENUE	625 545	600 729	771 241	703 290	643 048	650 203	570 440	652 244	642 923	1 203 040	735 003	704 254	8 755 403
ADVERTISING	23 000	23 000	23 000	23 000	23 000	23 000	23 000	23 000	23 000	23 000	23 000	23 000	276 000
OTHER INCOME	140 070	147 027	140 074	80 071	77 051	72 320	80 001	70 422	70 707	70 210	75 603	73 043	1 144 604
SALES TAX RECIEPTS	2 300 720	2 300 720	3 763 705	2 200 773	2 200 773	3 470 031	2 404 201	2 464 201	3,730 020	2 301 153	2 301 183	3 033 710	33 047 036
FED OPERATING GRANT	10,000	10,000	10,000	10 000	10 000	3 137 000	10 000	10 000	10 000	10 000	10 000	684 000	4 181 000
TOTAL OPERATING	3 200,104	3,200 470	4 713 020	3 122,143	3 063 772	7 370,262	3,183 700	3,220,947	4,492 550	3 600,010	3 244 430	6,010,010	47 074 338
CAPITAL GRANTS	301,000	604,000	600 100	483 300	4 102 100	4 320 100	710,100	300,100	300,100	604,100	300 100	804,100	15 500 000
BOND PROCEED - NET													0
OTHER				12 800 000									12 000 000
TOTAL RECIEPTS	3,387,404	4,500,070	5,303 100	16,005,443	7,246 872	11,000,362	3,000 000	3,023 047	4,000,064	4 410 110	3 552,530	6,040,010	74,000 338
DISBURSEMENTS													
MATERIALS & OTHER	1 000,000	1,200,000	1 400 000	1 400 000	1 400 000	1 400 000	1 400 000	1 400 000	1 400 000	1 400 000	1 400 000	2 000 000	17 000 000
LABOR	2 100,000	2,100,000	2,100 000	3,200 000	2 200,000	2,200 000	2,300,000	2,200 000	2,200,000	3,300 000	2,250 000	2,300,000	28 450,000
TOTAL OPERATING	3,000,000	3,300,000	3,500 000	4,600,000	3,600,000	3,600,000	3,700,000	3,600,000	3,600,000	4,700,000	3,650,000	4,300,000	46 050 000
NON - GRANT		50,000	10,000,000	20 000	70,000	70,000	20,000	20,000	20 000	20,000	20,000	20,000	10 320 000
													0
80/20 PROJECTS													0
UT 80 0010	0	0	0	0	40 000	40 000	0	0	0	0	0	0	80 000
UT 80 0014	40 000	370 000	87 000	0	15 000	15 000	0	0	0	0	0	0	533 000
UT 80 0015	71,000	320 000	425 000	231 000	147 000	227 000	97 000	147 000	147 000	77 000	47 000	77,000	2 022 000
UT 80 0016	0	10,000	10,000	20 000	4,710,000	4 710 000	10 000	10 000	10,000	340 000	0	0	9 030 000
UT 80 0017	0	0	0	0	0	90 000	450 000	10,000	0	0	0	0	540 000
UT 80 0018	0	0	0	0	0	10,000	10,000	0	0	10,000	10 000	0	40 000
													0
TOTAL 80/80	111,000	715,000	522,000	251,000	4,912,000	5,000,000	567,000	167,000	157,000	427,000	57,000	77,000	12 045 000
75/25 PROJECTS													
	0	0	0	0	0	0	0	0	0	0	0	0	0
UT 80 0010 LRT FEIS	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350 000	350 000	350 000	4 200 000
TOTAL 75/25	350,000	350,000	350,000	350 000	350,000	350 000	350,000	350,000	350,000	350,000	350 000	350 000	4 200 000
50/50 PROJECTS													
	0	0	0	0	0	0	0	0	0	0	0	0	0
													0
OTAL 50/50	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL	461,000	1,065 000	10,872 000	621 000	5,332 000	5,600 000	637 000	537 000	527 000	707 000	437 000	447 000	30 905 000
DEBT SERVICE	52,000	2,000	2,000	500	500	500	500	500	500	500	500	500	60 500
DEBT RETIREMENT				13,300,000								0	13 300 000
TOTAL DISBURSEMENTS	4,413,000	4 367,000	23 304 000	18 531 500	8,932,500	9,102,500	4,037 500	4,137,500	4,127 500	5,407,500	4 077 500	4,747,500	85 975 500
CASH ENDING BALANCE	45,100,115	44,022 001	28,021,211	24 305,154	22,000 520	25,204 370	24,520 000	24,012 233	24,705 300	23 070 000	23,153 047	24,040 403	24 040 403
RESTRICTED - BOND RESERVE	1 500,000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	
RISK RESERVE	2,510,000	2,510,000	2,510,000	2 510,000	2,510 000	2,510,000	2,750,000	2,750 000	2 750 000	2,750 000	2 750 000	2 000 000	
AVAILABLE CASH	41,090,115	40,722 001	22,721,211	20 205,154	18 590 520	21 104 370	20,100 000	19,072,233	20,425 300	19 330 000	18 613 047	19 050 403	

5. BENEFIT ACCRUALS

The topic of employee benefits has direct relevance to cash management because of the increasing application of cash-out provisions and liabilities which arise through the accrual of benefits. The more far-reaching considerations relate to the types of employee benefits provided and how these benefits are administered.

The following discussion is organized according to the type of benefit:

- Vacation/Personal Days
- Sick Leave/Well Days
- Pension Plans
- Deferred Compensation Plan

The major features are described for each type of benefit. The best practices issue is directed primarily towards adequately funding benefit accruals. Specifically, if vacation/personal days have a yearly cash-out provision that may be exercised by employees; this should become part of the cash flow forecast. Other ideas to consider in best practices are:

- Incentives to encourage wellness rather than using sick leave to the benefit limit
- Creating financially sound pension plans with balanced investment portfolios
- Creating deferred compensation plans available to State and local government employees

Vacation/Personal Days

Generally, vacation/personal days are accrued by employees based on years of service, sometimes differentiated by job category. Vacation policies for bargaining unit personnel are based on the current labor contract. Exhibit 5.1 (page 5-1) shows an example of a Vacation Policy for Administrative Employees.

A common feature among vacation/personal days policies is a use-it or lose-it provision. This takes effect upon reaching some hour ceiling over a specified time frame. The use-it or lose-it provision has been revised by some transit agencies through initiation of a buy back plan. One example of this type of program allows employees to accumulate up to two years worth of vacation. Each employee may elect once a year to sell vacation instead of using or losing it. However, in order to sell vacation an employee must maintain a reserve, (e.g. 80 hours). Another option which may be available to employees is a pre-tax option to roll vacation over to health care payments or a deferred compensation (supplementary retirement) plan.

INNOVATIVE IDEA!

An innovative vacation policy allows an employee to donate vacation to another employee who is sick and used all of his or her sick leave.

In order to participate in this policy, the worker must be sick for at least 30 days and prove short-term disability. It is generally used when there is a gap between short-term disability and long-term disability. The wage *paid to the sick worker is calculated at the donor's pay rate and adjusted to the recipient's pay rate. This policy probably would not be exercised in cases where the employee is afforded the opportunity to cash-out excess vacation days, since these days have cash value. The policy may have wider application in the use-it or lose-it situation, where altruism would not result in a financial cost to the donor.*

Sick Leave/Well Days

Sick leave policies have evolved to encourage wellness. Past policies featured some number of days per year designated as sick leave. Sometimes employees were permitted to bank some amount of unused sick leave, otherwise the sick leave was administered on a use-it or lose-it basis. Obviously, this encouraged employees to use the sick leave prior to losing it.

One type of sick leave policy provides a specified number of hours per year with no carryover. An example of a policy to discourage using sick leave up to the limit (since unused hours are lost) takes effect when an employee works 90 days without a sick or disability day. The employee accumulates one well day, up to four well days per year. Well days are accumulated separately from vacation. The well days may not be cashed out nor donated to another employee. This policy provides some incentive for not using sick leave to the maximum extent allowed by the policy.

Under another type of sick leave policy, employees receive one day per month of health leave and can accumulate up to 50 days of health leave. Health leave cannot be cashed out upon separation of service. For any accrual between 30 and 50 days, an employee may elect to convert the excess health leave to personal days at a two for one split. This policy encourages wellness by using incentives to allow accumulation of sick leave combined with an option to convert sick leave to personal/vacation days.

Another way of encouraging wellness is to provide employees with personal days, instead of differentiating between vacation days and sick leave. Under this arrangement an employee receives a specified number of days per year for both sickness and/or vacation, classified as personal days. These days may have use-it or lose-it or cash-out provisions.

An additional benefit is a family leave policy. Under this benefit the transit agency matches employee leave up to four weeks upon the birth or adoption of a child (maximum benefit of eight weeks paid leave). This is another benefit that encourages wellness. Employees starting a family are encouraged to accumulate sick leave to provide the match for this benefit.

A final incentive to encourage wellness allows employees to accrue sick leave without limit, however, upon leaving the organization any sick leave benefits are lost. Upon retirement, employees may collect up to 240 hours of sick leave as compensation.

Exhibit 5.2 (page 5-4) describes a Sick Leave Policy.

Pension Plans

Features of pension plans may vary, although benefits are generally based on some function of years of service and final salary/wage level.

Regardless of the features of a pension plan, a transit agency should have an independent valuation prepared periodically to assess the financial soundness of the plan. This actuarial valuation measures the present value of credited projected benefits and is intended to assess the plan's funding status on a going-concern basis, assess progress in accumulating sufficient assets to pay benefits when due, and allow for comparisons among public employee retirement plans. Generally the bargaining unit employees' and administrative employees' retirement plans are administered separately and use different benefit formulas as defined benefit pension plans. Each union within a transit agency has its own pension plan which is a topic in the collective bargaining agreement. The transit agency's contribution is negotiated with the unions. Counsel for the transit agency review the bargaining unit(s) pension plan(s) to verify that the unions have an investment policy.

The pension plan for administrative employees is frequently the responsibility of a Pension Advisory Committee consisting of Board members and staff members who oversee policy, administration, benefit changes, and investment management for the plan.

The pension fund may be managed by different investment managers, who focus on either growth or portfolio value. A portfolio mix of approximately 50%-65% invested in equity securities and 35%-50% in fixed income securities would indicate a fund focused on growth. A more conservative investment approach would add a third category of investment products, cash or cash equivalents. The transit agency should conduct periodic internal evaluations or hire a consultant to evaluate the performance of investment managers. The plans are monitored by compiling data on money managers' performance and investment style, showing comparisons for the latest three months, two years, and five years. The goal for the pension fund managers is to beat the Standard and Poor's performance by some targeted percent such as two percent. This determines the value added by the investment manager. Representative fees for the money managers are one-half percent for the fixed income portion of the portfolio, and on a sliding scale of one-half percent for $500,000, decreasing with portfolio size for the equity fund manager.

Exhibit 5.3 (page 5-6) presents an Administrative Employee Retirement Plan and Exhibit 5.4 (page 5-13) presents an Hourly Employee Retirement Plan. The plans are similar and include the following information: type of plan and purpose, the plan's accrued benefit obligation, the fund and the authority's funding policy, the investment policy and objective, investment guidelines for the fund, responsibilities of the Pension Advisory Committee, and review of asset manager(s).

Deferred Compensation Plan

Transit agencies may offer a 457 deferred compensation plan for employees, however, this plan is unsecured, (i.e. open to general creditors). A 457 plan is directed by State and local governments and other tax-exempt organizations. Employees are eligible to participate in the plan after completion of one year of service and at least 1,000 hours. The plan limits the amount that may be deferred for any tax year to the lesser of $7,500 or one-third of the participant's compensation that is currently includible in gross income. The transit agency may match a portion of deferred compensation contributed by employees as a bonus at the end of each plan year. Employees direct the investment of contributions and any employer match based on the portfolio choices offered by the fund manager(s) that is (are) selected by the Pension Advisory Committee.

Exhibit 5.5 (page 5-20) shows the Deferred Compensation Plan for Administrative Employees and Exhibit 5.6 (page 5-33) shows the Deferred Compensation Plan for Bargaining Unit Employees. The plans are similar and include the following major elements: definitions, administration of the plan, participation in the plan, contribution and allocation, determination and distribution of benefits, and trustee and investment manager.

Exhibit 5.1

Vacation Policy - Administrative Employees

ARTICLE 22 - VACATIONS

SECTION 1

Full-time employees will be eligible to receive vacation leave as follows:

Years of Continuous Employment	Eligibility
1	1 week
2 - 6	2 weeks
7 - 13	3 weeks
14 - 17	4 weeks
18 and over	5 weeks

Effective 10/1/92 - 4 weeks after 13 years
Effective 10/1/93 - 3 weeks after 6 years
- 4 weeks after 12 years

SECTION 2

A new hire employee who is hired after January 1st on any given year will have vacation eligibility for the following year as follows:

Date of Hire	Eligibility
Before 02/15	5 days (1 week)
02/16 - 05/31	4 days
06/01 - 08/15	3 days
08/16 - 10/25	2 days
10/26 - 12/10	1 day
After 12/10	-0-

Section 3

Vacation pay will be earned based on each employee's work history during the preceding calendar year:

Hours Paid During Preceding Calendar Year (Includes Earned Vacation Time)	Earned Vacation Pay: Percentage		Straight Time Pay Hours
1,840 and over	100	or	40
1,680 to 1,839	80	or	32
1,520 to 1,679	60	or	24
1,320 to 1,519	40	or	16
1,200 to 1,319	20	or	8
less than 1,200	-0-		-0-

Section 4

All eligible vacation time/earned pay as of December 31st of any given year will be taken during the following calendar year. An employee may, at management's discretion, take earned pay in lieu of vacation, however, every employee will be required to take a minimum of one (1) week (or earned time if less than one (1) week) off every calendar year.

Section 5

A vacation schedule will be posted on October 20th of each year and employees will select vacation time(s) in accordance with seniority, between November 1 and December 15 of each year.

Section 6

The last regularly scheduled pay before vacation will include vacation period pay only if the employee requests vacation pay at least 30 days prior to the employee's vacation

Section 7

Employees who retire from or voluntarily leave the service of the Authority will be paid pro-rated earned vacation pay for the year in which they leave.

Section 8

Regular overtime volunteers will be used prior to vacation work volunteers. Vacation personnel working will be paid at straight time wages.

ARTICLE 23 - HOLIDAYS

Section 1

The following days shall be paid holidays for full-time employees: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, Easter Sunday, Employee's Birthday, Seniority Date and Martin Luther King's Birthday.

Section 2

To be eligible for holiday pay, employees must work their last scheduled day before the holiday, the holiday if scheduled to work, unless called in sick, and their next scheduled day following the holiday.

Under special circumstances, the manager of a respective department may excuse an employee from meeting any one or all these eligibility requirements.

Section 3

Holiday pay will be eight (8) hours at straight time hourly rate.

Section 4

It is agreed that the Citrus Bowl is an isolated and unusual event.

When Citrus Bowl activities take place on a holiday recognized by the Agreement between Orange-Seminole-Osceola Transportation Authority and the Amalgamated Transit Union, AFL-CIO CLC Local Union 1596, all employees participating in direct support of Citrus Bowl activities will be paid a time and one-half rate of pay, in addition to regular holiday pay.

It is understood that this applies only to work directly supporting the Citrus Bowl (shuttles and special charters) activities on a holiday, but not to holiday work required for regular holiday runs. Other holiday work will be paid in acordance with the Labor-Management Agreement.

Exhibit 5.2

Sick Leave Policy

ARTICLE 21 - SICK PAY

SECTION 1

Each employee will be credited one (1) day of sick leave each month of continuous service. The one day will be credited on the 1st day of each month.

The maximum amount of sick leave that can be accumulated is one hundred forty (140) days.

SECTION 2

Sick leave will be paid according to the following schedule:

1st Instance	Pay from 1st day
2nd Instance	2 Day Waiting Period - First day must be a workday
3rd Instance	3 Day Waiting Period - First day must be a workday

Employees who maintain 70 or more days of accrued sick leave, will be paid from the 1st day. Employees with less than 70 days of accrued sick leave will be paid in accordance with the sick leave schedule above.

In instances of verifiable accidents or hospitalization, employees will receive sick pay commencing with the first day. For accidents on the job, sick pay policy covers first (1st) through sixth (6th) day.

SECTION 3

Employees may be required to provide a doctor's certification to be eligible for sick pay.

SECTION 4

Sick pay for full time employees will be eight (8) hours per day, five (5) days a week at the employees current straight time hourly rate.

SECTION 5

No sick pay will be paid for: (1) illness and/or injury caused by or resulting from excessive consumption of alcohol or use of non-prescription drugs, (2) illness and/or injury suffered while working as an independent contractor or employee of another employer, and (3) periods covered by the Florida Workers' Compensation Law.

SECTION 6

Claims for sick pay must be submitted within fourteen (14) calendar days of the employee's return to work on forms furnished by the Authority.

SECTION 7

Unused accumulated sick time will be cancelled upon the employee's termination or resignation from the service of the Authority. Employees who retire at the age of 62 or above the 15 years of service may sell back their accumuated sick leave at a rate of 30% of current hourly rate.

Exhibit 5.3

Retirement Plan - Adminstrative Employees

Approved

Utah Transit Authority
Administrative Employee Retirement Plan

Statement of
Funding Policy and
Investment Policy, Objectives, and Guidelines
Adopted March 27, 1992

The following is Utah Transit Authority's statement of (i) funding policy and (ii) investment policy, objectives, and guidelines for the Utah Transit Authority Administrative Employee Retirement Plan adopted in accordance with Section 15.05 of the Plan. It is prepared by the Pension Advisory Committee for approval by the Board of Directors and as advice to the Trustee and Investment Manager(s). This statement shall remain effective until a new statement is adopted by the Pension Advisory Committee but shall be reviewed at least annually.

I. TERMS USED IN THIS STATEMENT

Hereinafter the following terms will have the following meanings:

1.1 "Authority" means Utah Transit Authority;

1.2 "Board" means the Board of Directors of the Authority;

1.3 "Plan" means the Utah Transit Authority Administrative Employee Retirement Plan;

1.4 "Committee" means the Pension Advisory Committee as established by the Plan and as described in Section VII;

1.5 "Fund" means the assets held in the Trust Fund created by the Plan;

1.6 "Statement" means this statement as adopted by the Committee and approved by the Board;

1.7 "Trustee" means the trustee of the Trust created by the Plan; and

1.8 "Investment Manager" means any asset manager or managers as described in Section VII.

II. TYPE OF PLAN AND PURPOSE

2.1 The Plan is a defined benefit pension plan qualified under the Internal Revenue Code that provides a pension whose amount depends on length-of-service and final average pay.

2.2 The purpose of the Plan is to provide a guaranteed pension which when combined with the Authority's 457 Plan and Social Security provides a retirement income for participants.

III. PLAN'S ACCRUED BENEFIT OBLIGATION

3.1 A participant's pension and the associated Plan liability grow increasingly until retirement; then, the liability decreases as pension payments are made over the retiree's remaining lifetime or paid in a lump sum settlement.

3.2 At a given time, the Plan's accrued benefit obligation is the sum of the present value of (i) the pensions earned by active participants and terminated vested participants, and (ii) the pensions remaining to be paid to retirees.

IV. THE FUND AND THE AUTHORITY'S FUNDING POLICY

4.1 The Authority intends to build and maintain the Fund, by means of contributions that satisfy legal requirements and by means of investment return.

4.2 It is a goal of the Authority to have the Fund's market value exceed the Plan's accrued benefit obligation.

4.3 Because of expected growth and employee demographics, the Authority expects that the cash flow of investment income from the Fund along with Authority contributions will exceed the cash flow of pension payments for a substantial period of time.

V. INVESTMENT POLICY AND OBJECTIVE

5.1 Because of the long-term nature of the Plan's obligations, the Authority's funding policy, and the expected cash flow of the fund, the Plan's investment policy is to manage the Fund:

(i) with long-term (five years and more) objectives;

(ii) with an emphasis on total return more than on high current income or the need to maintain ready-cash reserves; and

(iii) with the intent to achieve the highest possible long-term rate of return without taking excessive risk that could jeopardize the Authority's funding policy or subject the Authority to undue funding volatility.

5.2 The objective of such policy is for the Fund to achieve a rate of investment return (net of asset management expenses) over any five-year period that:

(i) exceeds the Plan's actuarial rate of return (presently 7.5% per annum net of asset management expenses); and

(ii) exceeds by 3-1/2% per annum the rate of inflation (as measured by the Consumer Price Index for all Urban Consumers).

Investment return means income and realized and unrealized gains and losses.

5.3 In carrying out the foregoing policy and objectives, the Fund will be invested in accordance with the guidelines set forth in VI. below.

VI INVESTMENT GUIDELINES FOR THE FUND

6.1 The Authority recognizes that the Fund's long-term investment performance will be greatly affected by the mix of its asset classes; accordingly, because of the policy and objectives stated in IV. and V., the fund's asset-mix will favor equity investments.

6.2 Specifically, the Trustee is authorized to invest the Fund so that in the aggregate the primary asset classes will be within the following ranges expressed as a percentage of the Fund's market value:

	Percent Range	
	Minimum	Maximum
Equity Assets	30%	80%
Fixed Income Assets	20	50
Cash and Cash Equivalents	0	60

For purposes of the foregoing, real estate, and securities convertible to common stock shall be classified as equity assets, and money held by an insurance company in its general account shall be classified as fixed income assets.

6.3 As provided by paragraph 15.04(i) of the Plan, the Committee is authorized to engage the services of an investment manager or managers and to authorize such Investment Manager to manage assets of the Fund placed under its control. The following investment guidelines are applicable to the total Fund and to each Investment Manager as well as to the Trustee.

6.4 The Trustee and Investment Manager(s) will diversify each asset class appropriately and will seek to moderate volatility and risk.

6.5 The Trustee and Investment Manager(s), will purchase securities of investment quality only, and will not invest in commodities, private placements, or letter stock, nor engage in margin transactions or short sales, nor use futures or options contracts without the previous approval of the Committee.

6.6 The Trustee and Asset Manager(s) must ensure, to the extent practicable, that all equity transactions (whether agency or principal) are executed at competitive rates and all fixed income transactions are competitively bid and must explain in writing to the Committee the reasons for any unusually high transaction costs.

VII. RESPONSIBILITIES OF THE COMMITTEE WITH REGARD TO THIS STATEMENT

7.1 The Committee, and only the Committee, subject to the approval of the Board, has the authority at any time to amend (including terminate) this Statement.

7.2 The Board will appoint the Pension Advisory Committee (the "Committee") as provided by Article XV of the Plan.

7.3 This Statement is intended to fulfill the Committee's responsibility to review, not less often than annually, all pertinent Employee information and Plan data in order to establish the funding policy of the Plan and to communicate to the Trustee and Investment Manager(s) the Plan's Investment Policy.

7.4 This Statement is submitted to the Board for their review and approval prior to submission to the Trustee and Investment Manager(s) although approval by the Board is not required by the Plan. The Committee has the responsibility and authority for implementing and maintaining the provisions of this Statement and taking any corrective actions as needed and appropriate.

7.5 The Committee's duties will include:

- Set a specific mix of the Fund's asset classes (which may be expressed as a range)
- Direct the Trustee to allocate and reallocate portions of the Fund as needed to maintain the asset mix.
- Employ one or more Asset Managers (provided that any Asset Manager qualifies as such under the Employee Retirement Income Security Act of 1974, acknowledges that it is a fiduciary with respect to the Plan, and agrees to be governed by the provisions of this Statement) to direct all or a portion of the Fund's investments within a specified asset class or classes.
- Terminate the services of any Asset Manager.
- Notify the Trustee of the employment or termination of an Asset Manager.
- Review the Asset Manager's performance and report the Committee's findings to the Board as required in VIII below.
- Amend this Statement.

7.6 The Asset Manager is expressly authorized and empowered to cause its portion of the Fund to be invested and reinvested in its sole discretion (but governed by the provisions of this Statement) within the asset class for which it was employed to manage.

VIII. REVIEW OF ASSET MANAGER(S)

8.1 The Committee will review, measure, compare, and judge the performance of the Asset Manager(s) at least annually on the basis of this Statement and such other criteria as are appropriate to the assets under management.

8.2 To enable the committee to accomplish the review described above, the Asset Manager will annually provide to the committee:

- Information needed for an independent measurement of the total Fund performance, and the performance of each asset class.

- A summary of the asset mix as of the end of each calendar quarter in the year.

- A list of the specific investments held by each asset class.

The Committee may require the Asset Manager to prepare and submit, from time to time or at such intervals as the Committee may specify, such other information relating to its investment activities, polices, and performance as the Committee may deem appropriate.

8.3 The Asset Manager(s) will disclose to the Committee, as soon as practicable, any significant change in the Manger's personnel, organization, ownership, or asset management policy or method.

8.4 The Committee will prepare an annual report that reviews and analyzes the performance of the Trustee and each Asset Manager.

Exhibit 5.4

Retirement Plan - Hourly Employees

Approved

Utah Transit Authority
Hourly Employee Retirement Plan

Statement of
Funding Policy and
Investment Policy, Objectives, and Guidelines
Adopted March 27, 1992

The following is Utah Transit Authority's statement of (i) funding policy and (ii) investment policy, objectives, and guidelines for the Utah Transit Authority Hourly Employee Retirement Plan adopted in accordance with Section 15.05 of the Plan. It is prepared by the Pension Advisory Committee for approval by the Board of Directors and as advice to the Trustee and Investment Manager(s). This statement shall remain effective until a new statement is adopted by the Pension Advisory Committee but shall be reviewed at least annually.

I. TERMS USED IN THIS STATEMENT

Hereinafter the following terms will have the following meanings:

1.1 "Authority" means Utah Transit Authority;

1.2 "Board" means the Board of Directors of the Authority;

1.3 "Plan" means the Utah Transit Authority Hourly Employee Retirement Plan;

1.4 "Committee" means the Pension Advisory Committee as established by the Plan and as described in Section VII;

1.5 "Fund" means the assets held in the Trust Fund created by the Plan;

1.6 "Statement" means this statement as adopted by the Committee and approved by the Board;

1.7 "Trustee" means the trustee of the Trust created by the Plan; and

1.9 "Collective Bargaining Agreement" means the labor agreement between UTA and Amalgamated Transit Union Local 382.

II. TYPE OF PLAN AND PURPOSE

2.1 The Plan is a defined benefit pension plan qualified under the Internal Revenue Code that provides a pension whose amount depends on length-of-service and is described in the Collective Bargaining Agreement.

2.2 The purpose of the Plan is to provide a guaranteed pension which when combined with Social Security provides a retirement income for participants.

III. PLAN'S ACCRUED BENEFIT OBLIGATION

3.1 A participant's pension and the associated Plan liability grow increasingly until retirement; then, the liability decreases as pension payments are made over the retiree's remaining lifetime or paid in a lump sum settlement.

3.2 At a given time, the Plan's accrued benefit obligation is the sum of the present value of (i) the pensions earned by active participants and terminated vested participants, and (ii) the pensions remaining to be paid to retirees.

IV. THE FUND AND THE AUTHORITY'S FUNDING POLICY

4.1 The Authority intends to build and maintain the Fund, by means of Employer and Employee contributions as provided by the Collective Bargaining Agreement and by means of investment return.

4.2 It is a goal of the Authority to have the Fund's market value exceed the Plan's accrued benefit obligation but this Statement does not constitute a promise to meet that goal.

4.3 Because of expected growth and employee demographics, the Authority expects that the cash flow of investment income from the Fund along with Authority and Employee contributions will exceed the cash flow of pension payments for a substantial period of time.

V. INVESTMENT POLICY AND OBJECTIVE

5.1 Because of the long-term nature of the Plan's obligations, the Authority's funding policy, and the expected cash flow of the fund, the Plan's investment policy is to manage the Fund:

(i) with long-term (five years and more) objectives;

(ii) with an emphasis on total return more than on high current income or the need to maintain ready-cash reserves; and

(iii) with the intent to achieve the highest possible long-term rate of return without taking excessive risk that could jeopardize the Authority's funding policy or subject the Authority to undue funding volatility.

5.2 The objective of such policy is for the Fund to achieve a rate of investment return (net of asset management expenses) over any five-year period that:

(i) exceeds the Plan's actuarial rate of return (presently 7.5% per annum net of asset management expenses); and

(ii) exceeds by 3-1/2% per annum the rate of inflation (as measured by the Consumer Price Index for all Urban Consumers).

Investment return means income and realized and unrealized gains and losses.

5.3 In carrying out the foregoing policy and objectives, the Fund will be invested in accordance with the guidelines set forth in VI. below.

VI INVESTMENT GUIDELINES FOR THE FUND

6.1 The Authority recognizes that the Fund's long-term investment performance will be greatly affected by the mix of its asset classes; accordingly, because of the policy and objectives stated in IV. and V., the fund's asset-mix will favor equity investments.

6.2 Specifically, the Trustee is authorized to invest the Fund so that in the aggregate the primary asset classes will be within the following ranges expressed as a percentage of the Fund's market value:

	Percent Range	
	Minimum	Maximum
Equity Assets	30%	80%
Fixed Income Assets	20	50
Cash and Cash Equivalents	0	60

For purposes of the foregoing, real estate, and securities convertible to common stock shall be classified as equity assets, and money held by an insurance company in its general account shall be classified as fixed income assets.

6.3 As provided by paragraph 15.04(i) of the Plan, the Committee is authorized to engage the services of an investment manager or managers and to authorize such Investment Manager to manage assets of the Fund placed under its control. The following investment guidelines are applicable to the total Fund and to each Investment Manager as well as to the Trustee.

6.4 The Trustee and Investment Manager(s) will diversify each asset class appropriately and will seek to moderate volatility and risk.

6.5 The Trustee and Investment Manager(s), will purchase securities of investment quality only, and will not invest in commodities, private placements, or letter stock, nor engage in margin transactions or short sales, nor use futures or options contracts without the previous approval of the Committee.

6.6 The Trustee and Asset Manager(s) must ensure, to the extent practicable, that all equity transactions (whether agency or principal) are executed at competitive rates and all fixed income transactions are competitively bid and must explain in writing to the Committee the reasons for any unusually high transaction costs.

VII. RESPONSIBILITIES OF THE COMMITTEE WITH REGARD TO THIS STATEMENT

7.1 The Committee, and only the Committee, subject to the approval of the Board, has the authority at any time to amend (including terminate) this Statement.

7.2 The Board will appoint the Pension Advisory Committee (the "Committee") as provided by Article XV of the Plan.

7.3 This Statement is intended to fulfill the Committee's responsibility to review, not less often than annually, all pertinent Employee information and Plan data in order to establish the funding policy of the Plan and to communicate to the Trustee and Investment Manager(s) the Plan's Investment Policy.

7.4 This Statement is submitted to the Board for their review and approval prior to submission to the Trustee and Investment Manager(s) although approval by the Board is not required by the Plan. The Committee has the responsibility and authority for implementing and maintaining the provisions of this Statement and taking any corrective actions as needed and appropriate.

7.5 The Committee's duties will include:

- Set a specific mix of the Fund's asset classes (which may be expressed as a range)
- Direct the Trustee to allocate and reallocate portions of the Fund as needed to maintain the asset mix.
- Employ one or more Asset Managers (provided that any Asset Manager qualifies as such under the Employee Retirement Income Security Act of 1974, acknowledges that it is a fiduciary with respect to the Plan, and agrees to be governed by the provisions of this Statement) to direct all or a portion of the Fund's investments within a specified asset class or classes.
- Terminate the services of any Asset Manager.
- Notify the Trustee of the employment or termination of an Asset Manager.
- Review the Asset Manager's performance and report the Committee's findings to the Board as required in VIII below.
- Amend this Statement.

7.6 The Asset Manager is expressly authorized and empowered to cause its portion of the Fund to be invested and reinvested in its sole discretion (but governed by the provisions of this Statement) within the asset class for which it was employed to manage.

VIII. REVIEW OF ASSET MANAGER(S)

8.1 The Committee will review, measure, compare, and judge the performance of the Asset Manager(s) at least annually on the basis of this Statement and such other criteria as are appropriate to the assets under management.

8.2 To enable the committee to accomplish the review described above, the Asset Manager will annually provide to the committee:

- Information needed for an independent measurement of the total Fund performance, and the performance of each asset class.

- A summary of the asset mix as of the end of each calendar quarter in the year.

- A list of the specific investments held by each asset class.

The Committee may require the Asset Manager to prepare and submit, from time to time or at such intervals as the Committee may specify, such other information relating to its investment activities, polices, and performance as the Committee may deem appropriate.

8.3 The Asset Manager(s) will disclose to the Committee, as soon as practicable, any significant change in the Manger's personnel, organization, ownership, or asset management policy or method.

8.4 The Committee will prepare an annual report that reviews and analyzes the performance of the Trustee and each Asset Manager.

Exhibit 5.5

Deferred Compensation - Adminstrative Employees

EXHIBIT B

UTAH TRANSIT AUTHORITY

ADMINISTRATIVE EMPLOYEES DEFERRED COMPENSATION PLAN

ARTICLE I

INTRODUCTION

Utah Transit Authority (hereinafter UTA) hereby establishes The Administrative Employee Deferred Compensation Plan, the purpose of which is to provide certain advantages for eligible employees. However, nothing contained in this plan shall be deemed to constitute an employment contract or agreement between the Participant and UTA nor shall it be deemed to give a Participant any right to be retained in the employ of or under contract to UTA. Nothing herein shall be construed to modify the terms of any employment contract or agreement between a Participant and UTA.

ARTICLE II

DEFINITIONS

2.01 Administrator: That person designated from time to time by the General Manager of UTA.

2.02 Beneficiary: Beneficiary or beneficiaries designated in writing by the Participant. If more than one designated beneficiary survives the Participant, payments shall be made equally, unless otherwise provided in the beneficiary designation. Nothing herein shall prevent the Participant from designating primary and secondary beneficiaries. Elections made by a Participant in the participant agreement shall be binding on any such beneficiary or beneficiaries when such elections are applicable.

2.03 Code: The Internal Revenue Code of 1954, as amended, from time to time.

2.04 Compensation: The total annual remuneration, salary or wages for employment paid by UTA to the participant from whatever source, including commissions and bonuses. Compensation shall include Deferred Compensation and other compensation for services performed for UTA. Compensation shall be taken into account at its present value.

2.05 Deferred Compensation: The amount of Compensation credited to a Participant's account for a Plan year in which the Participants elects to defer pursuant to Section 5.01.

2.06 Employee: All employees of UTA who are eligible for participation in the Plan.

2.07 Fiduciary: Any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of assets: (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so: or (c) has any discretionary authority or discretionary responsibility in administration of the Plan; including, but not limited to, the Pension Advisory Committee, and Investment Manager.

2.08 Fiscal Year: UTA's accounting year of twelve (12) months commencing on January 1st of each calendar year and ending December 31st of the same calendar year.

2.09 Fund: The assets of the Plan and the accounts of all Participants as the same shall exist from time to time.

2.10 Funding Vehicle: Any investment medium offered by a sponsor which is approved by the Pension Advisory Committee to receive and invest funds under the Plan.

2.11 Includible Compensation: Compensation which is currently includible in gross income (taking into account the provision of Code Sections 403 (b) and 457). The amount of includible Compensation shall be determined without regard to any community property laws.

2.12 Investment Manager: Any Fiduciary, other than the Trustee, who (a) has the power to manage, acquire or dispose of any asset of the plan; (b) (i) is registered as an investment adviser under the Investment Advisers Act of 1940; or (ii) is a bank or savings and loan authorized to do business in Utah; or (iii) is an insurance company qualified to perform services in subparagraph (a) under the laws of more than one State; and (c) has acknowledged in writing that he or she is a Fiduciary with respect to the Plan.

2.13 Normal Retirement Age: Normal Retirement Age shall be any range of ages ending no later than age 70 1/2 (unless applicable law requires no upper limit) and beginning no earlier than the earliest age at which a Participant has the right to take Retirement at UTA without UTA consent and to receive immediate retirement benefits without actuarial or similar reduction. If a Participant continues to work for UTA beyond the Normal Retirement Age, his/her Normal Retirement Age shall become the age at which Participant terminates his/her employment.

2.14 Participant: Any person who fulfills the eligibility and enrollment requirements of Article IV.

2.15 Participant's Account: The account established and maintained for each Participant with respect to his or her interest in the Plan.

2.16 Pension Advisory Committee: Those persons selected to serve by the UTA Board of Directors on a committee with responsibility over this and other UTA retirement plans.

2.17 Plan: The Deferred Compensation Plan established by this instrument, as stated herein and as it may from time to time be amended.

2.18 Plan Year: The Plan's accounting year of twelve (12) months commencing on January 1 of each year and ending the following December 31.

2.19 Retirement: The point in time at which a Participant is considered retired under the provisions of the UTA Administrative Employee Retirement Plan.

2.20 Secretary of Treasury: The United States Secretary of Treasury.

2.21 Taxable Compensation: The remuneration for service performed for UTA which is currently includible in the Participant's gross income.

2.22 Termination: The separation from employment with UTA or the severance of the Participant's contact or employment with UTA prior to his or her retirement by reason other than death.

2.23 Trustees: The Administrator and the Pension Advisory Committee or such persons appointed by the Pension Advisory Committee with the approval of the UTA Board of Directors.

ARTICLE III

ADMINISTRATION

3.01 This Plan shall be administered by the Administrator as directed from time to time by the UTA Pension Advisory Committee under the policies set by the UTA Board of Directors. The Pension Advisory Committee shall represent UTA in all matters concerning the administration of this Plan.

3.02 The Pension Advisory Committee shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Plan or the policies of the UTA Board of Directors and provided they would not adversely affect the eligibility status of the Plan under Code Section 457. The Pension Advisory Committee may interpret, alter, amend, or revoke any rules and regulations so adopted. The Pension Advisory Committee shall have the authority to appoint such additional administrative agents as it deems advisable or desirable to carry out the terms and conditions of the Plan.

ARTICLE IV

PARTICIPATION IN THE PLAN

4.01 Eligibility: Any employee of UTA may execute an enrollment form and participate in the Plan if that employee is not covered by the provisions of any collective bargaining agreement involving UTA and if the employee has been a full-time employee for one (1) year (during which he or she has accumulated a minimum of 1,000 hours of Service, as defined per Department of Labor Regulations, and has normally been scheduled 40 hours per week, 12 months per year).

4.02 Enrollment in the Plan:

(a) Eligible employees may enroll at any time during the Plan Year at the beginning of a calendar month or may be enrolled as permitted by the Pension Advisory Committee.

(b) A Participant who has executed an enrollment form may suspend such election and cease deferrals at the beginning of any pay period during the Plan year as permitted by the Pension Advisory Committee, but not more often than semi-annually.

(c) A Participant may at any time revoke his or her enrollment by notifying the Pension Advisory Committee in writing thirty (30) days prior to the effective date of the revocation; however, his or her benefits shall be paid only as provided in the plan. After revoking his or her enrollment, a Participant may not make a new election to enroll until two (2) full calendar quarters have passed.

ARTICLE V

CONTRIBUTION AND ALLOCATION

5.01 Participant's Salary Reduction Election:

(a) Participants may elect to reduce compensation by the amount of their contribution to this Plan in the minimum amount of 2% of Participant's Compensation, and this amount shall be held in each respective Participant's Account as a part of this Plan's Fund. Compensation may be deferred hereunder only after the Participant enters into an agreement with UTA to do so prior to the beginning of the period from which compensation is to be deferred.

(b) The maximum dollar amount which may be deferred by any Participant under this and other Plan of UTA in any taxable year of that Participant shall be limited (except as stated in Section 5.01 (c), below) to the lesser of (i) $7,500.00 or (ii) 33 1/3 percent of the Participant's Includible Compensation.

(c) For each of the last three taxable years of a Participant's employment before he/she reaches Normal Retirement Age, the limit set forth in Section 5.01 (b), above, shall be the lesser of (i) $15,000.00 or (ii) the sum of (A) the limit set forth in Section 5.01 (b), above (without regard to this Section 5.01 (c)), plus (B) so much of the limit established in Section 5.01 (b) for taxable years before the current taxable year as has not theretofore been used under Section 5.01 (b) or this Section 5.01 (c).

(d) All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall remain (until made available to the Participant or his/her Beneficiary) solely the property and rights of UTA (without being restricted to the provision of benefits under this Plan) subject only to the claims of UTA's general creditors.

5.02 Withdrawals and Investments:

(a) Participants may not make withdrawals from their Accounts prior to retirement except in the event of death, unforeseeable emergency as defined in Section 5.03, below, or termination of employment with UTA.

(b) All amounts allocated to a Participant's Account shall be invested according to the Participant's election in a Funding Vehicle approved by the Pension Advisory Committee in accordance with the provisions of this Article.

5.03 Unforeseeable Emergency:

(a) For the purposes of this Plan, an unforeseeable emergency is severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a Participant's dependent (as defined in Code Section 152 (a)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case and the resulting impact upon the Fund as determined by the Pension Advisory Committee, but, in any case, payment may not be made to the extent that such hardship is or may be relieved--

(1) Through reimbursement or compensation by insurance or otherwise,

(2) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(3) By cessation of deferrals under this Plan.

(b) Withdrawals of amounts because of unforeseeable emergency shall only be allowed to the extent reasonably needed to satisfy the emergency need and in no event may exceed the amount of benefits which would have been payable if the participant had terminated employment at the time of the withdrawal and received a lump-sum payment of all amounts at that time.

5.04 Overall Limitation of Benefits:

(a) Maximum Annual Addition: The "annual addition" to a Participant's Account shall not exceed the amount set forth in Section 5.01, above. Rollover contributions are not included in the term "annual additions."

(b) Limitation Year: For the purpose of determining "annual additions" the limitation year shall be the Plan Year.

5.05 Adjustment of Excessive Contributions:

In the event a Participant of UTA shall make an excessive payment to the Fund under a mistake of fact, as that term is used in Section 403 (c) (2) (A) of the Code, such amount shall be returned as promptly as possible, but not less than 180 days after discovery of the error.

5.06 Transfers from or to Qualified Plans:

(a) With the consent of the Pension Advisory Committee, amounts may be transferred from other qualified plans of state or local governments or tax exempt employers, provided that the trust from which such funds are transferred permits the transfer to be made and, in the opinion of legal counsel for UTA, the transfer will not jeopardize the tax exempt status of the Plan or Fund or create adverse tax consequences for UTA.

(b) Amounts so transferred shall be held by the Trustee pursuant to the provisions of this plan, and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as allowed under this Plan.

(c) The Account of a Participant who terminates his/her employment with UTA may be transferred to another qualified deferred compensation plan maintained by a State or local government or a tax exempt organization.

5.07 Funding Vehicles:

(a) The Pension Advisory Committee may designate various Funding Vehicles in which Participants may direct that their funds be invested.

(b) Such Funding Vehicles may include, but shall not be limited to, a time deposit account, a fixed and variable annuity account, mutual funds, bonds funds, and an insurance account.

(c) Transfer of accumulated funds shall be permitted between Funding Vehicles as limited by the Pension Advisory Committee.

(d) Investment earnings shall be allocated to the Participant's Account in accordance with the practice utilized by the Funding Vehicle (or its sponsor).

(e) If any funds are invested in the purchase of life insurance, UTA must be the sole beneficiary of the policy and shall retain all incidents of ownership of the policy. UTA shall be under no obligation to transfer the policy or to pass through the benefits of the policy to the Participant or his/her Beneficiary. Any death benefit under this Plan, whether or not funded through life insurance, does not qualify for exclusion from gross income under Code Section 101 (a) as life insurance proceeds, but instead will be subject to the rules of the Code Section 457.

5.08 Administrative Costs: Pension Advisory Committee, Trustee, and other Administrative costs shall be paid by UTA.

ARTICLE VI

DETERMINATION AND DISTRIBUTION OF BENEFITS

6.01 Benefit Payments: The Participant or his or her Beneficiary shall be entitled to receive a single lump sum or other form of benefit payment allowed by the Funding Vehicle selected, on or after termination of employment, retirement or death. The Participant or Beneficiary must specify within 60 days of such termination, retirement or death the date on which benefit payments shall commence, provided however, that such payments shall commence no later than 60 days after the close of the Plan Year in which the Participant attains or would have attained Normal Retirement Age, or if later, the date the Participant separates from service with the Employer. Any such election shall be irrevocable as to the time such payments commence. Benefit payments will be paid in any form provided for by this Plan and elected by the Participant or Beneficiary prior to the date benefit payments begin. If an election under this Section is not made within the specified time period, payment shall be made to the Participant or Beneficiary in one lump sum.

In the event a Participant elects not to receive a lump sum payment, he or she may elect any other form of benefit payment which is offered under the Funding Vehicle selected by the Participant; provided, if distributions are made in installments, they shall be in substantially nonincreasing amounts paid not less frequently than annually, and the Participant will be credited with whatever earnings accumulate on his/her account during the installment period under the Funding Vehicle selected.

Notwithstanding the provisions of this Section, if the Administrator shall elect to distribute the retirement benefit of a Participant to him or her other than in one lump sum cash payment, the Participant shall have the right to direct the Administrator to make payments to him or her and his or her Beneficiaries over a specified period; provided, the then present value of the payments to be made over the period of the Participant's then life expectancy is more than 66 2/3 percent of the then present value of the total payments to be made to the Participant and his or her Beneficiaries. This election by the Participant must be made in writing and must be delivered to the Administrator within thirty (30) days after the Participant receives advice from the Administrator. Payments made under this subparagraph are not contingent upon the survivorship of a Participant or his or her Beneficiary.

6.02 Benefits Upon Death: In the event the Participant dies before Retirement or prior to receiving any distribution provided in Section 6.03, his or her surviving Beneficiary shall be entitled to receive a death benefit equal to all amounts credited to such Participant's Account. If his or her Beneficiary does not survive him or her, such death benefit shall be paid to such Participant's spouse, if living, or if there is no spouse living, to the Participant's issue, per stirpes, or if neither the Participant's spouse nor any of his or her issue are living, then to such Participant's estate. Such benefit shall be paid to the recipient in accordance with his or her selection, upon approval of the Pension Advisory Committee, a benefit equal to:

(a) One lump sum payment in cash, or

(b) Any other form of benefit payment selected by the Beneficiary and offered under the Funding Vehicle selected by the Participant. However, such payments shall be made over a period not exceeding the applicable period permitted by Section 401 (a) (9) of the Code.

6.03 Benefits Other than on Account of Retirement or Death: Any benefits payable on account of disability, unforeseeable emergency, termination, shall be made in accordance with the provisions of Section 6.01. Payments shall not be sooner than thirty (30) days after the contingency occurs and shall commence not later than 60 days after the close of the Plan Year in which the contingency occurred.

6.04 Acceleration of Distributions: The Pension Advisory Committee, at the Participant's or Beneficiary's request, may direct the Trustee or Investment Manager to accelerate any installment payment to a Participant or his or her Beneficiary for any reason the Pension Advisory Committee in its discretion deems sufficient.

6.05 Distribution for Minor Beneficiary: In the event a distribution is to be made to a minor, then the Pension Advisory Committee may direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his or her residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such payment to the legal guardian of a minor Beneficiary shall fully discharge the Trustee, UTA, and Plan from further liability on account thereof.

6.06 Required Distribution: If the Participant dies before the entire amount deferred is paid to the Participant, the entire amount deferred (or the remaining part of such deferrals if payment thereof has commenced) must be paid to a Beneficiary over--

(a) The life of the Beneficiary (or any shorter period as determined by the Participant or the Pension Advisory Committee) if the Beneficiary is the Participant's spouse, or

(b) A period not in excess of 15 years, if the Beneficiary is the not the Participant's surviving spouse.

ARTICLE VII

TRUSTEE AND INVESTMENT MANAGER

7.01 Basic Responsibilities of the Trustee: The Trustee shall have the following categories of responsibilities:

(a) To invest, manage, and control the Plan assets, except as provided below.

(b) At the direction of the Pension Advisory Committee, to pay benefits required under the Plan to be paid to the Participants, or, in the event of their death, to their Beneficiaries;

(c) To maintain records of receipts and disbursements and furnish the Pension Advisory Committee reports as may be required; and

(d) To appoint in writing an Investment Manager or Managers as approved by the Pension Advisory Committee to manage the assets of the Plan, including the power to acquire and dispose of such assets, and to revoke any such appointments previously made.

(e) The Trustee shall not be liable for the acts or omissions of any Investment Manager or Managers, nor be under any obligation to invest or otherwise manage any asset of the Plan which is subject to the investment of such Investment Manager or Managers.

(f) The Investment Manager (if any) shall have the same responsibilities as the Trustee to the extent these are delegated by the Trustee with the approval of the Pension Advisory Committee.

7.02 Investment Powers and Duties of the Trustee:

(a) Except as provided in this Section, the Trustee shall invest the Fund in the same manner as the Pension Advisory Committee is permitted.

(b) The Trustee shall not invest any portion of a Participant's Account in "collectibles" within the meaning of that term as employed in Code Section 408 (n).

7.03 Duties of the Trustee Regarding Payments: At the direction of the Pension Advisory Committee, the Trustee shall, from time to time, in accordance with the terms of the Plan, make payments out of the Fund. The Trustee shall not be responsible in any way for the application of such payments.

7.04 Trustee's Compensation and Expenses and Taxes: The Trustee shall be paid such reasonable compensation as shall from time to time be agreed upon in writing by the Pension Advisory Committee and the Trustee. An individual serving as Trustee who already receives pay or compensation from UTA shall not receive compensation from this Plan. In addition, the Trustee shall be reimbursed for any reasonable expenses, including reasonable counsel fees, incurred by it as a Trustee. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Fund or the income thereof, shall be paid from the Fund.

7.05 Reporting: The Trustee shall be responsible for all reporting required by either State or Federal laws or regulations.

7.06 Auditing: The Trustee, upon request of the Pension Advisory Committee, shall engage and assist any auditors performing an audit which is required by State or Federal law.

ARTICLE VIII

AMENDMENT, TERMINATION AND MERGERS

8.01 Amendments: The UTA Board of Directors shall have the right at any time and from time to time to amend, in whole or in part, any or all of the provisions of this Plan. Any such amendment shall become effective upon the delivery of a duly executed instrument to the Pension Advisory Committee and Trustee.

8.02 Termination: The Trustee with the approval of the UTA Board of Directors shall have the right at any time to terminate the Plan by delivering to the Pension Advisory Committee written notice of such termination. Upon such termination of the Plan, the Trustee by written notice to the Pension Advisory Committee, may direct either:

(a) Complete distribution of the assets in the Fund to the Participants, in cash or kind, in one "lump-sum payment" (as such term is defined in the Code) as soon as the Trustee deems it to be in the best interest of the Participants, but in no event later than two (2) years after such termination; or

(b) Continuation of the Fund created by this Plan and the distribution of benefits at such time and in such manner as though the Plan had not terminated.

8.03 Merger or consolidation: This Plan and Fund may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other qualified plan and trust only if the benefits which would be received by a Participant of this Plan immediately after such transfer, merger, or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger, or consolidation, and provided that the eligible status of the Plan would not be adversely affected.

ARTICLE IX

MISCELLANEOUS

9.01 Alienation:

a) No benefit which shall be payable out of the Fund to any person (including a Participant or his or her Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Trustee, except to such extent as may be required by law. Except, however, this provision shall not apply to the extent a Participant or Beneficiary is indebted to the Plan, for any reason, under any provision of this Plan and at the time a distribution is to be made to or for his or her benefit, such proportion of the amount distributed as shall equal such indebtedness shall be paid by the Trustee, at the direction of the Pension Advisory Committee, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given written notice by the Pension Advisory Committee that such indebtedness is to be deducted in whole or part from his or her Participant's Account. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against his or her Account he or she shall be entitled to review the validity of the claim in accordance with procedures established by the Pension Advisory Committee.

(b) In the event a Participant's benefits are garnished or attached by order of any court, the Pension Advisory Committee may bring an action for a declaratory judgement in a court of competent jurisdiction to determine the proper recipient of the benefits to be paid by the Plan. During the pendency of said action, any benefits that become payable shall be paid into the court as they become payable, to be distributed by the court to the recipient it deems proper at the close of said action.

9.02 Construction of Agreement: This Plan shall be construed and enforced according to the laws of Utah.

9.03 Gender and Number: Wherever any words are used herein in the masculine, feminine, or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein the singular form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.04 Legal Action: In the event any claim, suit, or proceeding is brought regarding the Fund and/or Plan, established hereunder to which the Trustee or the Pension Advisory

Committee may be a party, and such claim, suit, or proceeding results in the expenditure of funds or attorney fees, such fees and costs are administrative costs under Section 5.08, above.

9.05 Prohibition Against Diversion of Funds: It shall be impossible by operation of the Plan or of the Fund by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, retired Participants, or their Beneficiaries except as provided in the Plan.

9.06 Receipt and Release for Payments: Any payment to any Participant, his or her legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of this Plan, shall, to the extent hereof, be in full satisfaction of all claims hereunder against the Trustee and UTA, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustee or UTA.

9.07 Headings: The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provision thereof.

9.08 Uniformity: All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

9.09 UTA and Trustee's Protective Clauses: Neither UTA nor the Trustee, nor their successors, shall be responsible for the validity of any contract of insurance issued hereunder or for the failure on the part of the insurer to make payments provided by any such contract, or for the action of any person which may delay payment or render a contract null and void or unenforceable in whole or in part. Any fiduciary under this Plan shall be bonded as an administrative cost under Section 5.08, above. Members of the UTA Board of Directors, the Pension Advisory Committee, the Trustee, the Administrator, and all employees of UTA who have designated responsibilities hereunder shall not be liable for any act or omission which constitutes negligence as related to this Plan or the Fund.

9.10 Approval Date: This Plan was approved by the UTA Board of Directors on December 16, 1992.

9.11 Effective Date: This plan shall commence on December 16, 1992

Signed upon approval of the UTA Board.

UTAH TRANSIT AUTHORITY

John C. Pingree

John C. Pingree, General Manager

Exhibit 5.6

Deferred Compensation - Bargaining Unit Employees

EXHIBIT A

UTAH TRANSIT AUTHORITY

BARGAINING UNIT DEFERRED COMPENSATION PLAN

ARTICLE I

INTRODUCTION

Utah Transit Authority (hereinafter UTA) hereby establishes The Bargaining Unit Deferred Compensation Plan, the purpose of which is to provide certain advantages for eligible employees. However, nothing contained in this plan shall be deemed to constitute an employment contract or agreement between the Participant and UTA nor shall it be deemed to give a Participant any right to be retained in the employ of or under contract to UTA. Nothing herein shall be construed to modify the terms of any employment contract or agreement between a Participant and UTA.

ARTICLE II

DEFINITIONS

2.01 Administrator: That person designated from time to time by the General Manager of UTA.

2.02 Beneficiary: Beneficiary or beneficiaries designated in writing by the Participant. If more than one designated beneficiary survives the Participant, payments shall be made equally, unless otherwise provided in the beneficiary designation. Nothing herein shall prevent the Participant from designating primary and secondary beneficiaries. Elections made by a Participant in the participant agreement shall be binding on any such beneficiary or beneficiaries when such elections are applicable.

2.03 Code: The Internal Revenue Code of 1954, as amended, from time to time.

2.04 Compensation: The total annual remuneration, salary or wages for employment paid by UTA to the participant from whatever source, including commissions and bonuses. Compensation shall include Deferred Compensation and other compensation for services performed for UTA. Compensation shall be taken into account at its present value.

2.05 Deferred Compensation: The amount of Compensation credited to a Participant's account for a Plan year in which the Participants elects to defer pursuant to Section 5.01.

2.06 Employee: All employees of UTA who are eligible for participation in the Plan.

2.07 Fiduciary: Any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of assets; (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so; or (c) has any discretionary authority or discretionary responsibility in administration of the Plan; including, but not limited to, the Pension Advisory Committee, and Investment Manager.

2.08 Fiscal Year: UTA's accounting year of twelve (12) months commencing on January 1st of each calendar year and ending December 31st of the same calendar year.

2.09 Fund: The assets of the Plan and the accounts of all Participants as the same shall exist from time to time.

2.10 Funding Vehicle: Any investment medium offered by a sponsor which is approved by the Pension Advisory Committee to receive and invest funds under the Plan.

2.11 Includible Compensation: Compensation which is currently includible in gross income (taking into account the provision of Code Sections 403 (b) and 457). The amount of includible Compensation shall be determined without regard to any community property laws.

2.12 Investment Manager: Any Fiduciary, other than the Trustee, who (a) has the power to manage, acquire or dispose of any asset of the plan; (b) (i) is registered as an investment adviser under the Investment Advisers Act of 1940; or (ii) is a bank or savings and loan authorized to do business in Utah; or (iii) is an insurance company qualified to perform services in subparagraph (a) under the laws of more than one State; and (c) has acknowledged in writing that he or she is a Fiduciary with respect to the Plan.

2.13 Normal Retirement Age: Normal Retirement Age shall be any range of ages ending no later than age 70 1/2 (unless applicable law requires no upper limit) and beginning no earlier than the earliest age at which a Participant has the right to take Retirement at UTA without UTA consent and to receive immediate retirement benefits without actuarial or similar reduction. If a Participant continues to work for UTA beyond the Normal Retirement Age, his/her Normal Retirement Age shall become the age at which Participant terminates his/her employment.

2.14 Participant: Any person who fulfills the eligibility and enrollment requirements of Article IV.

2.15 Participant's Account: The account established and maintained for each Participant with respect to his or her interest in the Plan.

2.16 Pension Advisory Committee: Those persons selected to serve by the UTA Board of Directors on a committee with responsibility over this and other UTA retirement plans.

2.17 Plan: The Deferred Compensation Plan established by this instrument, as stated herein and as it may from time to time be amended.

2.18 Plan Year: The Plan's accounting year of twelve (12) months commencing on January 1 of each year and ending the following December 31.

2.19 Retirement: The point in time at which a Participant is considered retired under the provisions of the UTA Bargaining Unit Employee Retirement Plan.

2.20 Secretary of Treasury: The United States Secretary of Treasury.

2.21 Taxable Compensation: The remuneration for service performed for UTA which is currently includible in the Participant's gross income.

2.22 Termination: The separation from employment with UTA or the severance of the Participant's contact or employment with UTA prior to his or her retirement by reason other than death.

2.23 Trustees: The Administrator and the Pension Advisory Committee or such persons appointed by the Pension Advisory Committee with the approval of the UTA Board of Directors.

ARTICLE III

ADMINISTRATION

3.01 This Plan shall be administered by the Administrator as directed from time to time by the UTA Pension Advisory Committee under the policies set by the UTA Board of Directors. The Pension Advisory Committee shall represent UTA in all matters concerning the administration of this Plan.

3.02 The Pension Advisory Committee shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Plan or the policies of the UTA Board of Directors and provided they would not adversely affect the eligibility status of the Plan under Code Section 457. The Pension Advisory Committee may interpret, alter, amend, or revoke any rules and regulations so adopted. The Pension Advisory Committee shall have the authority to appoint such additional administrative agents as it deems advisable or desirable to carry out the terms and conditions of the Plan.

ARTICLE IV

PARTICIPATION IN THE PLAN

4.01 Eligibility: Any employee of UTA may execute an enrollment form and participate in the Plan if that employee is covered by the provisions of the current collective bargaining agreement involving UTA and the Amalgamated Transit Union, Local 382, and if the employee has been a full-time employee for one (1) year (during which he or she has accumulated a minimum of 1,000 hours of Service, as defined per Department of Labor

Regulations, and has normally been scheduled 40 hours per week, 12 months per year).

4.02 Enrollment in the Plan:

(a) Eligible employees may enroll at any time during the Plan Year at the beginning of a calendar month or may be enrolled as permitted by the Pension Advisory Committee.

(b) A Participant who has executed an enrollment form may suspend such election and cease deferrals at the beginning of any pay period during the Plan year as permitted by the Pension Advisory Committee, but not more often than semi-annually.

(c) A Participant may at any time revoke his or her enrollment by notifying the Pension Advisory Committee in writing thirty (30) days prior to the effective date of the revocation; however, his or her benefits shall be paid only as provided in the plan. After revoking his or her enrollment, a Participant may not make a new election to enroll until two (2) full calendar quarters have passed.

ARTICLE V

CONTRIBUTION AND ALLOCATION

5.01 Participant's Salary Reduction Election:

(a) Participants may elect to reduce compensation by the amount of their contribution to this Plan in the minimum amount of 2% of Participant's Compensation, and this amount shall be held in each respective Participant's Account as a part of this Plan's Fund. Compensation may be deferred hereunder only after the Participant enters into an agreement with UTA to do so prior to the beginning of the period from which compensation is to be deferred.

(b) The maximum dollar amount which may be deferred by any Participant under this and other Plan of UTA in any taxable year of that Participant shall be limited (except as stated in Section 5.01 (c), below) to the lesser of (i) $7,500.00 or (ii) 33 1/3 percent of the Participant's Includible Compensation.

(c) For each of the last three taxable years of a Participant's employment before he/she reaches Normal Retirement Age, the limit set forth in Section 5.01 (b), above, shall be the lesser of (i) $15,000.00 or (ii) the sum of (A) the limit set forth in Section 5.01 (b), above (without regard to this Section 5.01 (c)), plus (B) so much of the limit established in Section 5.01 (b) for taxable years before the current taxable year as has not theretofore been used under Section 5.01 (b) or this Section 5.01 (c).

(d) All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall remain (until made available to the Participant or his/her Beneficiary) solely the property and rights of UTA (without being restricted to the provision of benefits under this Plan) subject only to the claims of UTA's general creditors.

5.02 Withdrawals and Investments:

(a) Participants may not make withdrawals from their Accounts prior to retirement except in the event of death, unforeseeable emergency as defined in Section 5.03, below, or termination of employment with UTA.

(b) All amounts allocated to a Participant's Account shall be invested according to the Participant's election in a Funding Vehicle approved by the Pension Advisory Committee in accordance with the provisions of this Article.

5.03 Unforeseeable Emergency:

(a) For the purposes of this Plan, an unforeseeable emergency is severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a Participant's dependent (as defined in Code Section 152 (a)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case and the resulting impact upon the Fund as determined by the Pension Advisory Committee, but, in any case, payment may not be made to the extent that such hardship is or may be relieved--

(1) Through reimbursement or compensation by insurance or otherwise,

(2) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(3) By cessation of deferrals under this Plan.

(b) Withdrawals of amounts because of unforeseeable emergency shall only be allowed to the extent reasonably needed to satisfy the emergency need and in no event may exceed the amount of benefits which would have been payable if the participant had terminated employment at the time of the withdrawal and received a lump-sum payment of all amounts at that time.

5.04 Overall Limitation of Benefits:

(a) Maximum Annual Addition: The "annual addition" to a Participant's Account shall not exceed the amount set forth in Section 5.01, above. Rollover contributions are not included in the term "annual additions."

(b) Limitation Year: For the purpose of determining "annual additions" the limitation year shall be the Plan Year.

5.05 Adjustment of Excessive Contributions:

In the event a Participant of UTA shall make an excessive payment to the Fund under a mistake of fact, as that term is used in Section 403 (c) (2) (A) of the Code, such amount shall be returned as promptly as possible, but not less than 180 days after discovery of the error.

5.06 Transfers from or to Qualified Plans:

(a) With the consent of the Pension Advisory Committee, amounts may be transferred from other qualified plans of state or local governments or tax exempt employers, provided that the trust from which such funds are transferred permits the transfer to be made and, in the opinion of legal counsel for UTA, the transfer will not jeopardize the tax exempt status of the Plan or Fund or create adverse tax consequences for UTA.

(b) Amounts so transferred shall be held by the Trustee pursuant to the provisions of this plan, and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as allowed under this Plan.

(c) The Account of a Participant who terminates his/her employment with UTA may be transferred to another qualified deferred compensation plan maintained by a State or local government or a tax exempt organization.

5.07 Funding Vehicles:

(a) The Pension Advisory Committee may designate various Funding Vehicles in which Participants may direct that their funds be invested.

(b) Such Funding Vehicles may include, but shall not be limited to, a time deposit account, a fixed and variable annuity account, mutual funds, bonds funds, and an insurance account.

(c) Transfer of accumulated funds shall be permitted between Funding Vehicles as limited by the Pension Advisory Committee.

(d) Investment earnings shall be allocated to the Participant's Account in accordance with the practice utilized by the Funding Vehicle (or its sponsor).

(e) If any funds are invested in the purchase of life insurance, UTA must be the sole beneficiary of the policy and shall retain all incidents of ownership of the policy. UTA shall be under no obligation to transfer the policy or to pass through the benefits of the policy to the Participant or his/her Beneficiary. Any death benefit under this Plan, whether or not funded through life insurance, does not qualify for exclusion from gross income under Code Section 101 (a) as life insurance proceeds, but instead will be subject to the rules of the Code Section 457.

5.08 Administrative Costs: Pension Advisory Committee, Trustee, and other Administrative costs shall be paid by UTA.

ARTICLE VI

DETERMINATION AND DISTRIBUTION OF BENEFITS

6.01 Benefit Payments: The Participant or his or her Beneficiary shall be entitled to receive a single lump sum or other form of benefit payment allowed by the Funding Vehicle selected, on or after termination of employment, retirement or death. The Participant or Beneficiary must specify within 60 days of such termination, retirement or death the date on which benefit payments shall commence, provided however, that such payments shall commence no later than 60 days after the close of the Plan Year in which the Participant attains or would have attained Normal Retirement Age, or if later, the date the Participant separates from service with the Employer. Any such election shall be irrevocable as to the time such payments commence. Benefit payments will be paid in any form provided for by this Plan and elected by the Participant or Beneficiary prior to the date benefit payments begin. If an election under this Section is not made within the specified time period, payment shall be made to the Participant or Beneficiary in one lump sum.

In the event a Participant elects not to receive a lump sum payment, he or she may elect any other form of benefit payment which is offered under the Funding Vehicle selected by the Participant; provided, if distributions are made in installments, they shall be in substantially nonincreasing amounts paid not less frequently than annually, and the Participant will be credited with whatever earnings accumulate on his/her account during the installment period under the Funding Vehicle selected.

Notwithstanding the provisions of this Section, if the Administrator shall elect to distribute the retirement benefit of a Participant to him or her other than in one lump sum cash payment, the Participant shall have the right to direct the Administrator to make payments to him or her and his or her Beneficiaries over a specified period: provided, the then present value of the payments to be made over the period of the Participant's then life expectancy is more than 66 2/3 percent of the then present value of the total payments to be made to the Participant and his or her Beneficiaries. This election by the Participant must be made in writing and must be delivered to the Administrator within thirty (30) days after the Participant receives advice from the Administrator. Payments made under this subparagraph are not contingent upon the survivorship of a Participant or his or her Beneficiary.

6.02 Benefits Upon Death: In the event the Participant dies before Retirement or prior to receiving any distribution provided in Section 6.03, his or her surviving Beneficiary shall be entitled to receive a death benefit equal to all amounts credited to such Participant's Account. If his or her Beneficiary does not survive him or her, such death benefit shall be paid to such Participant's spouse, if living, or if there is no spouse living, to the Participant's issue, per stirpes, or if neither the Participant's spouse nor any of his or her issue are living, then to such Participant's estate. Such benefit shall be paid to the recipient in accordance with his or her selection, upon approval of the Pension Advisory Committee, a benefit equal to:

(a) One lump sum payment in cash, or

(b) Any other form of benefit payment selected by the Beneficiary and offered under the Funding Vehicle selected by the Participant. However, such payments shall be made over a period not exceeding the applicable period permitted by Section 401 (a) (9) of the Code.

6.03 Benefits Other than on Account of Retirement or Death: Any benefits payable on account of disability, unforeseeable emergency, termination, shall be made in accordance with the provisions of Section 6.01. Payments shall not be sooner than thirty (30) days after the contingency occurs and shall commence not later than 60 days after the close of the Plan Year in which the contingency occurred.

6.04 Acceleration of Distributions: The Pension Advisory Committee, at the Participant's or Beneficiary's request, may direct the Trustee or Investment Manager to accelerate any installment payment to a Participant or his or her Beneficiary for any reason the Pension Advisory Committee in its discretion deems sufficient.

6.05 Distribution for Minor Beneficiary: In the event a distribution is to be made to a minor, then the Pension Advisory Committee may direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his or her residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such payment to the legal guardian of a minor Beneficiary shall fully discharge the Trustee, UTA, and Plan from further liability on account thereof.

6.06 Required Distribution: If the Participant dies before the entire amount deferred is paid to the Participant, the entire amount deferred (or the remaining part of such deferrals if payment thereof has commenced) must be paid to a Beneficiary over--

(a) The life of the Beneficiary (or any shorter period as determined by the Participant or the Pension Advisory Committee) if the Beneficiary is the Participant's spouse, or

(b) A period not in excess of 15 years, if the Beneficiary is the not the Participant's surviving spouse.

ARTICLE VII

TRUSTEE AND INVESTMENT MANAGER

7.01 Basic Responsibilities of the Trustee: The Trustee shall have the following categories of responsibilities:

(a) To invest, manage, and control the Plan assets, except as provided below.

(b) At the direction of the Pension Advisory Committee, to pay benefits required under the Plan to be paid to the Participants, or, in the event of their death, to their Beneficiaries;

(c) To maintain records of receipts and disbursements and furnish the Pension Advisory Committee reports as may be required; and

(d) To appoint in writing an Investment Manager or Managers as approved by the Pension Advisory Committee to manage the assets of the Plan, including the power to acquire and dispose of such assets, and to revoke any such appointments previously made.

(e) The Trustee shall not be liable for the acts or omissions of any Investment Manager or Managers, nor be under any obligation to invest or otherwise manage any asset of the Plan which is subject to the investment of such Investment Manager or Managers.

(f) The Investment Manager (if any) shall have the same responsibilities as the Trustee to the extent these are delegated by the Trustee with the approval of the Pension Advisory Committee.

7.02 Investment Powers and Duties of the Trustee:

(a) Except as provided in this Section, the Trustee shall invest the Fund in the same manner as the Pension Advisory Committee is permitted.

(b) The Trustee shall not invest any portion of a Participant's Account in "collectibles" within the meaning of that term as employed in Code Section 408 (n).

7.03 Duties of the Trustee Regarding Payments: At the direction of the Pension Advisory Committee, the Trustee shall, from time to time, in accordance with the terms of the Plan, make payments out of the Fund. The Trustee shall not be responsible in any way for the application of such payments.