

Minutes

Greater Dayton RTA Board of Trustees Public Board Meeting

November 9, 2017

- Trustees: Adrienne L. Heard, President
Sharon Hairston, Vice President
Franz Hoge
Sharon D. Howard
John Lumpkin
Belinda Matthews Stenson (arrived at 3:07 p.m.)
Thomas Weckesser
David P. Williamson
- Excused: Vince Corrado
- Staff: Mark Donaghy, Chief Executive Officer
Daron Brown, Chief Maintenance Officer
Sally Brown, Alternative Transit Solutions Manager
Joyce Carter, Interim Director, Human Resources
Chris Cole, Chief Operating Officer
Cathy Garner, Sr. Executive Administrative Assistant
Jonathan Hollingsworth, Hollingsworth & Washington, LLC
Deborah Howard, Procurement Manager
Bob Ruzinsky, Chief Capital Officer
Mary Stanforth, Chief Financial Officer
- Others: Interested citizens (see attached sheet)

Call Meeting to Order

Ms. Heard called the meeting to order at 3:00 p.m. A quorum was present and proper notice of the meeting had been given.

PLEDGE OF ALLEGIANCE

Ms. Heard led attendees in reciting the Pledge of Allegiance.

Reynolds highlighted premium summaries for property, flood, earthquake, property terrorism, and commercial auto insurance. Mr. Reynolds and Ms. Sanders presented a total cost of risk analysis and a history of RTA out-of-pocket expenses.

MOTION MADE by Mr. Lumpkin and SECONDED by Ms. Howard to AWARD a contract to the Marsh & McLennan Insurance Agency for the coverage year December 1, 2017 thru November 30, 2018. The coverage will include the terms as included in today's Board packet, unless a more cost effective package becomes available prior to December 1, 2017. The grand total cost remains at \$1.6 Million which is equal to the 2016-17 coverage year. Some flexibility is necessary, as it is not uncommon for insurance companies to continue competing for a contract, up until the actual date the coverage is to begin. This procurement will be funded with 100% Operating Funds.

MOTION CARRIED by voice vote.

Ayes: Six

Nays: None

Abstain: Mr. Hoge

ACTION ITEM #3 – ADMINISTRATION COMPENSATION GUIDE

Mr. Lumpkin stated RTA is seeking to update its Administrative Employee Compensation Guide. This request is consistent with RTA's mission to be a premier public transportation provider and encompasses the Core Values of Stewardship and Our People. With previous approval from the RTA Board of Trustees, Staff engaged the service of Effective Resources of Knoxville, Tennessee to review the current RTA guidance, analyze comparable organizations and recommend any appropriate changes for an updated plan.

MOTION MADE by Mr. Lumpkin and SECONDED by Mr. Hoge to APPROVE Greater Dayton RTA's Proposed 2017 Salary Guide.

MOTION CARRIED by voice vote.

Ayes: Seven

Nays: None

ACTION ITEM #4 – DIESEL COACHES OPTION

Mr. Lumpkin commented that in January 2016, the RTA Board approved a multi-year purchase of up to five (5) years for Diesel Coaches. The original contract was approved for up to 90 coaches, including anticipated technical enhancements, for a total cost of \$42.3 Million. Board approval was also received for up to 67 option year coaches at a cost of \$31.8 Million for an estimated grand total of \$74.1 Million.

In September 2016, the RTA received authorization from the Board to work within the previously approved amount of \$42.3 Million for the purchase of up to 94 diesel coaches from Gillig. In September 2017, RTA exercised Option Year Two for fourteen (14) 40' Diesel Coaches and four (4) 30' Diesel Coaches.

Within the past month, RTA received official notice from the Ohio Department of Transportation regarding a new award of funds for fourteen (14) 40' Diesel Coaches. At this time, Staff requests an increase to the current order by ten (10) 40' Coaches.

MOTION MADE by Mr. Lumpkin and SECONDED by Mr. Hoge to APPROVE Staff's request to increase the current order of 40' Low Floor Diesel Coaches by ten (10) to twenty-four (24) 40' Diesel Coaches and four (4) 30' Low Floor Diesel Coaches for a total of \$12,712,560 plus a 5% allowance of \$635,628 for enrichments at a total estimated cost of \$13,348,188.

MOTION CARRIED by voice vote.

Ayes: Seven

Nays: None

Ms. Belinda Mathews Stenson arrived at 3:07 p.m.

OATH OF OFFICE FOR BELINDA MATTHEWS STENSON

Mr. Hollingsworth administered the oath of office to Ms. Belinda Matthews Stenson.

ACTION ITEM #5 – PEST CONTROL SERVICES

Mr. Lumpkin stated the purpose of this procurement is to purchase Pest Control Services for all RTA facilities and

vehicles. This project is consistent with RTA core values of Safety and Quality Service as Staff works continuously to provide a pest free environment for customers and employees. The vendor is required to provide pest control services on a monthly and as needed basis.

Small purchase procedures were used to procure these services previously. Terminix International is RTA's current vendor.

MOTION MADE by Mr. Lumpkin and SECONDED by Ms. Hairston to AWARD a contract to Terminix International for Pest Control Services in the amount of \$120,362 and an estimated \$43,130 for additional service calls for a five (5) year contract period for a grand total estimated amount of \$163,492. This procurement will be funded with 100% Operating Funds.

MOTION CARRIED by voice vote.

Ayes: Eight

Nays: None

ACTION ITEM #6 – TRANSMISSION PARTS

Mr. Lumpkin stated the purpose of this procurement is to purchase transmission parts for RTA Voith transmissions. Voith transmission parts are used on a routine basis by the Maintenance Department to ensure the proper maintenance of the fleet. This project is consistent with RTA's core value of Stewardship as Staff continues to assure the effective and efficient use of Agency resources.

MOTION MADE by Mr. Lumpkin and SECONDED by Mr. Hoge to AWARD a contract to Cummins Inc. for the purchase of transmission parts for a base year amount of \$141,020. It is also RECOMMENDED that \$145,250 be awarded for Option Year One and \$149,608 be awarded for Option Year Two, for a grand total AWARD of \$435,878.

MOTION CARRIED by voice vote.

Ayes: Eight

Nays: None

ACTION ITEM #9 – RESOLUTION NO. 2017-11-1, SALES TAX TRANSITIONAL AID

Mr. Lumpkin reported that effective July 1, 2017 the State of Ohio terminated sales tax on Medicaid Health Insuring Corporations. In order to provide assistance to help Counties and Transit Authorities manage through the loss of this sales tax, the Ohio State Executive Budget contains a transitional support payment proposal. It consists of two components; a calculated replacement payment intended to cover the last quarter of Calendar Year 2017, and a formula based payment intended to distribute transitional support above amounts the State has determined reasonable for Counties and Transit Authorities to absorb based on their reliance on the Managed Care Sales Tax.

RTA expects to receive a total of \$4,605,453 in Transitional Aid.

MOTION MADE by Mr. Lumpkin and SECONDED by Ms. Stenson to APPROVE Resolution No. 2017-11-1, Sales Tax Transitional Aid.

MOTION CARRIED by voice vote.

Ayes: Eight

Nays: None

ACTION ITEM #10 – 2018 BOARD AND COMMITTEES MEETING DATES

Mr. Lumpkin stated as set forth in the RTA Bylaws, the Board of Trustees Meeting Dates occur on the first Tuesday of each month. The Finance/Personnel and Planning Committees meeting dates typically occur on the third Tuesday of each month. Lastly, the Investment Advisory Committee meets quarterly on the third Thursday during the months of January, April, July and October. On an infrequent basis it is necessary to change a regularly scheduled meeting date.

MOTION MADE by Mr. Lumpkin and SECONDED by Mr. Weckesser to APPROVE the 2018 Board and Committees Meeting Dates as included in today's Board package.

MOTION CARRIED by voice vote.

Ayes: Eight

Nays: None

DISCUSSION ITEMS TO MENTION

July 2017 Sales Tax Update

Mr. Lumpkin stated at the committee meeting Ms. Stanforth reported July 2017 receipts total \$3.03 Million and are \$410,000 lower than July 2016. This equates to an 11.9% decrease. July 2017 is the first month where receipts did not include Medicaid Health Insuring Corporation Tax (hereafter referred to as MCO). In July 2016 the MCO receipts totaled \$331,000.

July 2017 Year-to-Date receipts total \$23.70 Million and are \$435,000 lower than Year-to-Date July 2016. This equates to a 1.8% decrease. Of the difference, \$331,000 relates to the elimination of MCO tax.

After seven (7) months of Sales Tax receipts we have a budget shortfall of \$1.49 Million. The RTA expects to receive about \$4.6 Million from the State of Ohio in MCO Transitional Aid. Approximately \$2.3 Million will be recorded as Revenue in 2017 and will offset a large portion of the projected budget shortfall.

September 2017 Financial Statements

Mr. Lumpkin also mentioned at the meeting, Mr. Thomas reported that for September 2017 RTA's Net Gain after Local Depreciation is \$385,000 compared to a Budgeted Loss of \$43,000. September 2017 Year-to-Date Net Loss after Local Depreciation is \$605,000 compared to a Year-to-Date Budgeted Loss of \$2.3 Million. The details associated with the financial statements are included in the Committee Package. After nine (9) months of Operations, RTA realized a \$1.7 Million positive variance as compared to budget.

At the Committees meeting, Mr. Hoge commented that it would be very helpful to compare 2017 to actual 2016 results. This will provide a better comparison of operational changes between the years. Staff agreed and will incorporate this type of Summary in all future financial reports. This has been included in today's Board package – page #1A of the Financial Statements.

2018 Operating Budget Revenues – Planning Discussion

Mr. Lumpkin stated, Ms. Stanforth presented preliminary 2018 Operating Budget Revenue Details. In Summary, the 2018 Preliminary Revenues projection totals \$66.4 Million. Included in the 2018 projection are sales tax receipts of \$38.5 Million which represents a 2% increase over 2017 projections not including MCO receipts.

The Final Proposed 2018 Operating and Capital Budgets will be presented at the November 2017 Committees meeting.

Net Pension Liability Update – 2017 Year End Audit Planning

In conclusion Mr. Lumpkin commented, Mr. Thomas reported RTA's Net Pension Liability will increase from \$42.6 Million at December 31, 2016 to \$56.4 Million at December 31, 2017. This is based upon the Ohio Public Employees Retirement System's (OPERS) most recently released actuarial study. This equates to a \$13.8 Million increase and will offset nearly all of RTA's Unrestricted Net Assets. This is problematic and will likely result in significant changes to the OPERS benefit structure and/or Employer and Employee contribution levels. There will be more to bring forth to the Committees on this topic.

PLANNING COMMITTEE REPORT (SHARON HOWARD)

Ms. Howard stated the Finance/Personnel and Planning Committees met for a jointly held meeting on October 17, 2017 and the Planning Committee has no Action Items to present today, however, there are important informational items to share.

DISCUSSION ITEMS TO MENTION

Ms. Howard stated Mr. Policicchio provided a summary document of recent activities in the Customer and Business Development Department. Highlights from this month's report included information on the American Bus Benchmarking Group annual conference which RTA hosted here in Dayton, the latest update on the RTA Connect On Demand program and the annual RTA Safety Fair hosted at Wright Stop Plaza on October 16, 2017.

Mr. Policicchio gave a presentation to the Committee on service reduction and fare change proposals. These

potential changes were announced to the public on October 13th and the RTA will hold public input sessions for customers and the community to collect feedback on the proposals on November 14th. He stated that Staff will be on hand at these forums to answer any questions and to collect comments from the public.

Mr. Policicchio also mentioned the kick off of the latest RTA Connect program-- the new shopping shuttles. This pilot program spearheaded by the Alternative Transit Solutions group includes weekly group shuttle trips to a local grocery store with a goal of increasing access and accessibility. The first trips started in October, taking customers to the Kroger store on Siebenthaler Avenue.

In addition, Mr. Policicchio shared that 2,140 festival goers at the Dayton Art Institute Oktoberfest rode to and from the event using RTA's free shuttle service. This is just one of many community events that RTA sponsors annually.

INVESTMENT ADVISORY COMMITTEE REPORT – (DAVID WILLIAMSON)

Mr. Williamson stated the Investment Advisory Committee met on October 19, 2017 for an informative financial presentation from Raymond James and The Schierloh Investment Group. The Committee is not bringing forth Action Items today; however, there are informational items to share.

Financial Presentation

Mr. Williamson stated that at the meeting, Mr. Fink and Mr. Schierloh began the discussion by referring to Raymond James' Investment Strategy Committee's recap of economic growth, equity and fixed income markets. Gross Domestic Product is expected to remain moderate in the range of 2-2.9% with inflation forecast at 1.5% for the next 6-12 months. Distortions in economic data due to hurricanes will likely impact 3rd quarter results but should rebound and bolster results in the 4th quarter.

Equity strategy remained neutral to bullish based on the transition from an interest rate driven market to an earnings driven market.

Intermediate to longer term bonds are expected to remain in the fairly tight trading range they have been in since the

beginning of 2017, with a bias toward slightly lower rates. The case for lower rates relates to a number of factors, including low global inflation, demographics, increased participation in Treasury security auctions by international institutions, moderate economic growth and continued easing by foreign central banks.

The shrinkage of the Federal Reserve's (Fed) balance sheet was also discussed and is expected to put minimal upward pressure on rates over the next few years. The Fed grew its balance sheet through a series of large scale asset purchases known as quantitative easing after the financial crisis began in 2008 through 2014. A study done by the Fed in April indicated that the "term premium", or the extra yield demanded by investors for lending over a longer term, related to the asset purchases lowered rates on longer dated bonds by approximately 100 basis points.

Given the gradual reduction in the Fed's balance sheet, its well telegraphed process and the fact that a substantial amount of the funds used for the asset purchases remained in the form of excess reserves at banks, the expectation from several economists indicate that a 25-30 basis point increase in yields is likely over the next several years related to the Fed's balance sheet reduction.

Mr. Schierloh also included a number of documents related to Fed actions as well as information concerning trends in wages. As there appears to be little upward pressure on wages it is unlikely we will see a commensurate rise in inflation. As inflation measured by Personal Consumption Expenditures continues to remain below 2% there is little incentive to dramatically raise rates in the near future.

The key tactical emphasis for RTA's portfolio is that intermediate to longer-term rates are expected to remain in a fairly tight trading range while Fed funds and other shorter-term rates have an upward bias leading to a continued flattening of the yield curve. At the meeting Mr. Hoge raised concerns about a possible inversion of the yield curve and its related threat of a recession. While there has been a narrowing of the yield spread between longer-dated and shorter-dated securities, given synchronized global growth and central bank policy of using economic data to influence monetary policy rate decisions, a yield curve

inversion and related recession does not appear imminent at this time.

RTA's Portfolio Summary

A review of the investment portfolio based on data from October 2, 2017 indicates the face value of securities holdings at \$28.9 million with an effective maturity distribution of 2.6 years, a modified duration of 2.5 years with a yield to worst call of 1.42% and yield to maturity of 1.46%. Since the date of the report additional funds were added to the portfolio. While some of those purchases had not yet settled, interest income for Calendar year 2017 is estimated at \$485,000.

Fuel Hedging Update

Ms. Stanforth reported January-September 2017 Fuel Hedging Realized Losses total \$187,157. At September 30, 2017 Unrealized Losses equal \$65,008. RTA continues to unwind fuel hedging activities.

Other Business

Ms. Stanforth reported December 31, 2016 cash and cash equivalents totaled \$42 million. At September 30, 2017 cash and cash equivalents totaled \$40 million. In 2018 Staff is concerned about the timing of grant funding. The Federal budget has been delayed in recent years which makes it difficult to predict when grant funds will be available. Staff is planning on a six or seven month delay with regard to the Federal budget. Liquidity will be considered as we continue to make investments in the months to come. 2018 bus purchases will require over \$2 million for local match and the monthly capitalized maintenance is \$1.25 million.

Mr. Williamson stated that for the upcoming January 2018 meeting, we will include Agenda Items for Sales Tax and Cash Flow Analysis. Sales Tax will be a regular agenda item from this point forward.

CHIEF EXECUTIVE OFFICER's (CEO) REPORT

Mr. Donaghy commented that he had a few informational items to share. Mr. Donaghy stated RTA Staff continues to work on reviewing the budget. At this time, the biggest challenge is the loss of the Medicaid Managed Care (MCO) sales tax revenue. Mr. Donaghy reported that RTA is starting to feel those losses and coming to terms with the

possibility of raising fares, cutting weekend service or eliminating low-ridership routes to absorb a \$4.5 million shortfall.

Mr. Donaghy communicated that the relationship with Marsh & McLennan Insurance Agency and its predecessors continues to be a great fit for RTA. Mr. Donaghy stated that since late 2006 RTA has literally saved approximately \$5 million dollars by working with this company and leaving the Ohio Transit Risk Pool. Mr. Donaghy stated that he really values the relationship with Marsh & McLennan Insurance Agency.

Mr. Donaghy stated that he wanted to throw roses to Mr. Bob Ruzinsky, Chief Capital Officer. Mr. Donaghy commented that RTA received word from the State of Ohio that through Mr. Ruzinsky's expertise and assistance the RTA will be receiving (14) additional new buses. Mr. Donaghy stated that Mr. Ruzinsky's relationship and work with the Ohio Department of Transportation is a major component at RTA in continually seeking out funding! Mr. Donaghy continued stating that RTA's award of the buses was the second largest in the State of Ohio.

Mr. Donaghy also shared that once again Ms. Stanforth and the Finance Team received the Ohio Auditor of State Award! Mr. Donaghy stated that the Finance Team has done a great job in consecutively managing RTA's finances year after year.

Mr. Donaghy stated that yesterday he received the news that Mr. Benton Policicchio made his arrival. Benton is the newborn son of Mr. Brandon Policicchio, Chief Customer and Business Development Officer. Mr. Donaghy stated that Father, Mom and Baby Benton are all doing great!

Mr. Williamson stated that he wanted to reiterate in stating with the MCO financial loss that there has been no decisions made in regards to cutting service, increasing fares or route changes at this time. Mr. Donaghy encouraged customers to call and speak to Staff even before the Public Input sessions.

OLD BUSINESS

None

NEW BUSINESS ITEM #1 – GREATER DAYTON RTA BYLAWS REVIEW

Ms. Howard stated that RTA Bylaws, Section VII, Paragraph A, Amendment of Bylaws, state the following:

Bylaws will be reviewed from time to time for amendment and repeal, but at minimum in each odd numbered calendar year by the Planning Committee, with written recommendations for amendment(s) and repeal taken to the Board of Trustees for action at least 30 days prior to Board Action on the item. If approved by the Board of Trustees, the proposed Bylaws will be submitted to the appointing jurisdictions. The amendment(s) shall take effect unless one or more of the appointing jurisdictions acts to disapprove the amendment(s) within thirty (30) calendar days of notification. Nothing in this section prohibits the Board of Trustees from adopting, amending or repealing any Bylaw as frequently as prudent or necessary.

The Bylaws have been reviewed and no changes are necessary at this time.

MOTION MADE by Ms. Hairston and SECONDED by Mr. Weckesser that NO CHANGES to the Greater Dayton RTA Bylaws are warranted at this time. The Bylaws effective June 2, 2015 will remain as currently stated.

MOTION CARRIED by voice vote.

Ayes: Eight

Nays: None

PUBLIC COMMENT

Ms. Florence O'Brien – Brookview Place – Ms. O'Brien asked if it was possible to wait until after the first of the year before RTA raises fares?

Ms. Heard replied that to date no decisions have been made regarding fares or route changes.

Ms. Pricilla Smith – 4103 Glen Brook Drive – Dayton, Ohio. Ms. Smith asked if you are boarding a bus on southbound Salem Avenue, why can't any bus approaching you stop and take you as far as Wright Stop Plaza?

Ms. Heard deferred Ms. Smith's question to Mr. Donaghy and Staff to answer. Mr. Donaghy stated that Ms. Sally Brown will meet with Ms. Smith after the meeting to address her concerns.

Ms. Smith replied okay.

Ms. Charlene Dawson – 6045 N. Main Street – Dayton, Ohio Ms. Dawson is a resident of Sienna Village and is also concerned about a potential fare increase. Ms. Dawson stated that she is dependent on RTA and has no problem with the services provided, however, she is on a fixed income and raising the fares would not be good for her and many other senior citizens in her complex.

Ms. Heard again reiterated that absolutely no decision has been made on service reductions and/or raising fares. Ms. Heard stated that RTA will take your comments into consideration.

Ms. Dawson replied Thank you.

Ms. Sandra Mae Smothers – 6217 N. Main Street – Apt. #124 – Dayton, Ohio. Ms. Smothers is concerned about the possible fare increase on Project Mobility trips from \$3.50 to \$4.00. Ms. Smothers asked that RTA consider Senior Citizens.

BOARD MEMBER COMMENTS - ANNOUNCEMENTS

Each of the Board Members welcomed Ms. Belinda Matthews Stenson to the RTA Board of Trustees!

Ms. Stenson replied that she was excited to be here and she looks forward to adding value to this Board and working with everyone!

EXECUTIVE SESSION

None

EMPLOYEE RECOGNITION

Ms. Heard turned the microphone over to Mr. Donaghy who invited Ms. Stanforth to join him at the podium. Mr. Donaghy then introduced and asked Mr. Hank Trimble,

Manager, MIS, to come to the podium. Mr. Donaghy commented that this moment is bitter-sweet, recognizing, Mr. Hank Trimble. Mr. Trimble's departure stems from his thirty (30) year career at RTA.

Mr. Donaghy expressed his sincere thanks and appreciation to Mr. Trimble for his leadership during his tenure.

In addition, Ms. Stanforth and Mr. Donaghy presented Mr. Trimble with a token of appreciation. Ms. Stanforth also expressed her sentiments to Mr. Trimble.

Mr. Trimble thanked the Trustees, Mr. Donaghy, Ms. Stanforth and RTA Staff for all the kindness shown to him over the years. Mr. Trimble stated that RTA is a good place to work and that he will miss the employees, however, it was time for him to move on to spend time with his family.

ADJOURNMENT

MOTION MADE by Ms. Hairston and SECONDED Ms. Stenson that the Board of Trustees meeting be ADJOURNED.

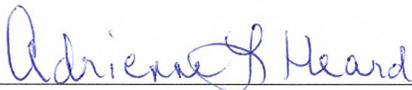
MOTION CARRIED by voice vote.

Ayes: Eight

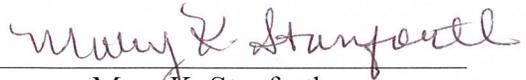
Nays: None

The meeting adjourned at 4:01 p.m.

ATTEST



Adrienne L. Heard
President
RTA Board of Trustees



Mary K. Stanforth
Secretary/Treasurer
RTA Board of Trustees