

TRANSIT AUTHORITY OF NORTHERN KENTUCKY
Board of Directors
February 13, 2019

The TANK Board of Director's meeting was called to order at 5:30 p.m. on Wednesday, February 13, 2019 at the TANK Offices at 3375 Madison Pike, Ft. Wright, KY 41017 by Mr. Tim Donoghue, Board Chair. Mr. Donoghue requested all to stand for the Pledge of Allegiance.

In attendance were: Mr. Tim Donoghue, Board Chair; Mr. Brian Ellerman, Vice-Chair; Mr. Scott Guenther; Mr. Ed Kuehne; Mr. Jim Parsons; Mrs. Gina Rittinger; Mr. Dave Sogar; Ms. Laura Thompson; Mr. Bill Voelker; Mr. Andrew Aiello, General Manager; Mr. Mike Duncan, Legal Counsel and Mr. Dave Anneken, Secretary-Treasurer.

Absent from the meeting was Mrs. Nancy McClanahan, Executive Assistant.

Mr. Donoghue asked for a motion to approve the January 9, 2019 Board Minutes. *Mr. Voelker made a motion to accept the minutes of January 9, 2019. The motion was seconded by Mr. Kuehne. MOTION PASSED.*

AUDIENCE RECOGNITION – Mr. Donoghue

Mr. Donoghue asked if there was any audience recognition

- Mr. Donoghue reported we do have guests present to present our **FY 2018 Financial Audit Report**. Mr. Brad Billet from Clark Schaefer Hackett, CPS informed the Board members this is the second year to do the audit for TANK. He advised the Board they have been provided:
 - The FY 2018 Financial Audit Report
 - The Management Report
 - Letter to the TANK Board

He indicated the audit was completed last week. Final confirmation on the audit and everything regarding the audit is complete – so this document is final. He provided a power point presentation to the Board that summarized everything that was provided to them.

Mr. Billet reported the audit was based on the following three prongs:

1. Provide a financial statement opinion
2. Provide a report on internal controls
3. Provide a single audit for compliance with TANK's major federal programs

He said he was happy to report, based on their three prong audit, that it was a clean opinion – the best opinion you receive. Mr. Billet added the FTA has many compliances for the Authority to follow and we had no issues with those compliances.

Mr. Billet reported there were no difficulties with Management during the audit. They were more than willing to provide whatever information that the auditors needed.

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- Mr. Billet provided an overview to the Board:
 - Major financial highlights for fiscal year 2018
 - The Authority's total net position at the end of fiscal year 2018 was \$18,902,351, which represents a decrease of \$606,318, or 3.1%, compared to the balance at the end of the prior year.
 - Operating revenue for the year as \$4,309,090, which represents a decrease of \$365,853 or 7.5 from fiscal year 2017.
 - Operating expenses for the year (excluding depreciation and pass-through grants) were \$23,309,806 which represents a decrease of \$160,396, or 0.7%, over the prior year.
 - Non-operating revenues, including federal, state and local reimbursements (excluding pass-through grants), were \$18,481,718 in fiscal year 2018, which represents an increase of \$956,284 or 5.5%, compared to fiscal year 2017.
 - Overview of the Financial Statements
 - This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which includes the basic financial statements and the notes to the financial statements.
 - Required Financial Statements
 - The financial statements of the Authority are designed to provide readers with a broad overview of the Authority's finances in a manner similar to private-sector business.
 - Notes to the Financial Statements
 - The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Mr. Billet commented on the impact of the GASB Statement No. 68. GASB Statement No. 68 dictates the net pension liability of Authority equals the present value of estimated future pension benefits attributable to active and inactive employees' past service minus pension plan assets available to pay these benefits.

Mr. Jim Parsons raised the question of an acceptable threshold of capital asset value, for inventory tracking and reporting purposes. Currently, TANK's threshold is \$500.00, which seems unreasonably low. Mr. Billet responded that \$2,500.00 - \$5,000.00 is considered customary.

There were two findings discussed, 2018-001 and 2017-001. It was discussed that TANK staff would develop potential options to remove these findings in the future. Progress on such work will be reported to the Finance Committee.

Mr. Voelker made the motion to accept the FY 2018 Financial Audit Report as it was presented. Mr. Sogar seconded the motions. MOTION PASSED.

Electronic PDF files are available on request and bound hard copies are on file in the Finance office.

FINANCE COMMITTEE – Mr. Parsons

- Mr. Parsons reported the committee met on Thursday, February 5th to review financial statements and undertake other *Actions*. He reported ridership is down slightly and costs were below budget. Mr. Parsons said we are very close to budget for the year and should not expect any major deviations at this point.
- In regard to the Quarterly Investment Report, it showed TANK's investment portfolio has a current average rate of return of 2.17%. Mr. Parsons said he suggested that we may want to look to see if we might be a bit more aggressive while staying safe within the rules of our investment policy.
- Mr. Parsons reported as a carry-over from last month the review of TANK's Employee Handbook. Subsequent to the last meeting we did have more review from our legal counsel as well as Mr. Laura Thompson, Board Member. What we now have before us in our Board Packet is a final.

Mr. Parsons indicated that unless there are no objections he would make a motion to adopt the Finance Committee recommendation in order to adopt the new Employee Handbook included in our packet, and to simultaneously repeal the policies as listed in the attached thereto. Ms. Thompson seconded the motion. MOTION PASSED.

- Mr. Parsons reported on the *Emergency Purchase* of a Hot Water Heater for the TANK facility. Staff moved quickly and was able to get the hot water heater replaced on the same day. We followed emergency procurement procedures. The Finance Committee approved the purchased for the replacement water heater at an amount not to exceed \$13,280.00.

Mr. Parsons indicated the Finance Committee recommends the approval of the Action from for the purchase of the Hot Water Heater for the TANK facility at a cost not to exceed \$13,280.00. Mr. Kuehne seconded the motion. MOTION PASSED.

- Mr. Parsons reported the committee discussed that some of transit systems have all gone to electric buses and are having some issues. It is good that we have been a bit more conservative on that approach. As that technology advances we will keep an eye on it for the future. He also reported that the committee took a few minutes to go outside and view a newly-delivered diesel bus from Gillig. These buses were ordered one year ago and are the first buses ordered from our new five-year contract with Gillig.

OPERATIONS & SAFETY COMMITTEE – Mrs. Rittinger

- Mr. Aiello indicated he would assist Mrs. Rittinger with an item regarding the **Dispatch and Street Operations Update** as she was not present at the meeting. Mr. Aiello pointed out the presentation that is included in your Board Packet. He reported that following a year in the position of Director of Operations, Mr. O’Leary has been able to observe our practices to see how we provide dispatching support and on-street supervisory support to our system. Mr. Aiello said we had a miss-match between the level of service on the street and amount of supervisory support at the time the service is on the street. Mr. Aiello pointed to the information within the packet showing the reorganization of duties with someone as a street-lead and someone as a dispatch-lead. The lead roles will communicate regularly with Management so they can be more responsive to our customers and to what is happening in the system.

It is basically moving around of staff that we have – it will require some significant shift changes for our Supervisory staff. Mr. O’Leary, along with his team, interviewed every Supervisor and talked with them about the role they see themselves in and provide the most value. After that, he has slotted them into the new positions and the new schedule. This will go live on March 2nd. Mr. Aiello told the Board they would be informed how this is going as we move along.

Mr. Guenther asked if there would be any impact to the budget this year with these changes. Mr. Aiello said that this plan would require the addition of one part-time supervisor which will help to reduce overtime as well. He said the overall budgetary impact will be minor.

Mrs. Rittinger asked about the feedback we have received from the Supervisors. Mr. McCulley, Manager of Scheduling, said overall most are excited to see change from the way it has been done over the years. Some are not as pleased as others, but overall the majority of the supervisors are looking forward to the change.

- Mr. Donoghue reported for the month of January we had 6 preventable collisions compared to 4 last January. This equates to 5.9 accidents per 400,000 miles driven. The goal for the month was 4.7 per 400,000 miles driven. Overall, we had a very good year last year and are off to a good start in 2019.

GENERAL MANAGERS REPORT – Mr. Aiello

- Mr. Aiello reported on the following:
 - Mr. Aiello reported that TANK’s FY 2020 budget development process is well underway. Typically, in March we do a Combined Committee meeting to discuss the draft budget. We will send out a poll to determine the best date for everyone to attend.

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- Mr. Aiello welcomed Alex Fuchs to our team. Mr. Fuchs is now the Manager of Finance for TANK. He had a long career at Toyota and chose not to move to Texas but to stay in Kentucky. Again, we welcome Alex.
- Mr. Aiello reported we did not have a Planning & Marketing Committee meeting this month however we do have some information to report. He turned the presentation over to Mrs. Douthat.
 - Mrs. Douthat reported we have had a change to one of our fare outlets. In the past, we have used banking locations to sell fare. Effective this week, 5/3rd Bank will no longer sell our passes. Not a lot of people will be impacted and we have communicated the change.
 - Mrs. Douthat reported we are trying to push people to our Social Media page. We are making a much bigger effort to communicate with people on Facebook and Twitter. We are trying to get our customers to engage with us in that way. This information has been posted on the buses to help get more followers.
 - Mrs. Douthat discussed our approach to communicating detours to our passengers during inclement weather. We are putting into place some different guidelines with our Dispatch Center so that communication between Dispatch, the Call Center, and our Marketing folks can be more seamless.
 - Mrs. Douthat reported we are continuing to work on our customer survey process. We are moving down a path to have a regular survey tool that can be used for our current customers and people within the community to give us feedback on why they may or may not ride TANK and what they may or may not like about our service so we can make improvements.
 - Mrs. Douthat reported on the Mobility Lab. Last month we gave a report on the TransLoc Microtransit project. The other project we are learning a lot about is our potential for Uber partnership. The Mobility Lab is doing a transit study and the result of the study is due back in March. We will then be able to compare the two - what an Uber project looks like and compare it to what a Microtransit Project might look like. We will look to see which project might work best for TANK.
- Mr. Aiello pointed out on the Agenda for the Board to go into Executive Session to discuss pending litigation. He indicated this concluded his report.

OLD BUSINESS – Mr. Donoghue

- Mr. Donoghue asked if there was any Old Business and there was none.

NEW BUSINESS – Mr. Donoghue

- Mr. Donoghue asked if there was any New Business and there was none.

GENERAL COUNSEL REPORT – Mr. Duncan

- Mr. Duncan reported the first thing on his agenda would be Executive Session for the litigation matter.

Mr. Donoghue indicated the Board would go into Executive Session pursuant to KRS 61.810(1)(c) for discussion of proposed or pending litigation.

Mr. Voelker made the motion to go into Executive Session for discussion of proposed or pending litigation. Mr. Guenther seconded the motion. MOTION PASSED.

Mr. Kuehne made the motion to come out of Executive Session. Mr. Ellerman seconded the motion. MOTION PASSED

Mr. Donoghue reported the *no action* was taken during the Executive Session.

- Mr. Ellerman reported Mr. Aiello's contract has expired and has been expired for four years. Mr. Ellerman reported Mr. Aiello's contract has been updated, reviewed by legal counsel and copies have been sent to all Board members for their review.

Mr. Sogar made the motion to approve the recommendation of the Executive Committee to authorize and direct the Chair to execute the updated contract with the General Manager. Mr. Voelker seconded the motion. MOTION PASSED.

Mr. Donoghue requested a motion to adjourn the meeting. *Mr. Kuehne made the motion to adjourn the Board Meeting. The motion was seconded by Mr. Sogar. MOTION PASSED.*

The TANK Board of Directors meeting adjourned at 6:30 p.m.

Respectfully Submitted
Nancye McClanahan
Executive Assistant

David L. Anneken, Secretary-Treasurer

Tim Donoghue, Board Chair