

**TRANSIT AUTHORITY OF NORTHERN KENTUCKY**  
**Board of Directors**  
**June 13, 2018**

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The TANK Board of Director's Meeting was called to order at 6:00 p.m. on Wednesday, June 13, 2018 at the TANK Offices at 3375 Madison Pike, Ft. Wright, KY 41017 by Mr. Tim Donoghue, Board Chair.

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

Absent from the meeting were Mr. Jim Parsons, Board Member and Ms. Laura Thompson, Board Member.

Mr. Donoghue asked for a motion to approve the May 9, 2018 Board Minutes. *Mr. Bill Voelker made a motion to approve the Board Minutes. The motion was seconded by Mr. Ed Kuehne. MOTION PASSED.*

**AUDIENCE RECOGNITION – Mr. Donoghue**

- Mr. Donoghue asked for Audience Recognition and there was none.

**PENSION COMMITTEE – Mrs. Douthat**

- Mrs. Douthat reported the Pension Committee met at 9:00 a.m. on April 18<sup>th</sup>. Committee members present for the meeting included Mr. Phil Wiedeman, Mr. Tim Donoghue, Mr. John Boland and Mrs. Douthat. Also attending the meeting were Mr. Thomas Poe and Mr. Ken Donaldson from US Bank, Mr. Harold Kremer and Ms. Rachael Cruse from Barnes Dennig along with plan member Mr. Paul Thiel.

Regarding the Audit, Mrs. Douthat reported Mr. Kremer reviewed the results of the 2016 Audit. This was the first year the audit was conducted by Barnes Dennig. The financial statement audit of the TANK Disability and Retirement Allowance Plan for year ending 12/31/2016 was in accordance with generally accepted auditing standards and was issued an unmodified clean opinion. The auditor issued required communication to the Pension Committee and stated that the delays in the audit for this year were due to actuary valuation being required as well as a departure in some of the Required Supplementary information.

Mrs. Douthat reported discussion also took place in regard to the requirement of the pension audit. She indicated there was discussion about how often we are required to do the audit. The pension attorney's opinion is that there does not appear to be a hard and fast requirement for an audit on any defined timeline, although a formal review of the pension plan's finances of some sort is prudent. The committee will need to make decisions regarding the plan for 2017/2018 regarding an audit. Mrs. Douthat reported plans for the 2017 Audit would be getting underway shortly, requiring a GASB Statement No. 67 report.

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Some discussion took place regarding the plan year, GASB requirements for both TANK audit and Pension audit. Mrs. Douthat reported she will look into requirements and options and report information to the committee prior to the next committee meeting.

Mrs. Douthat said regarding finance, Mr. Donaldson from US Bank reviewed the performance of the pension over the last quarter. In the first quarter of 2018, volatility returned to the market like we haven't seen in many months. To illustrate, there were 23 days in first quarter 2018 where the market was up or down more than 1% compared with only 8 days in all of 2017 where the market was up or down more than 1%. By and large, the outlook for 2018 remains positive. Target for S & P remains at 3000. Volatility will continue – interest rates are expected to rise.

Mrs. Douthat reported the Plan continues to hold a balanced investment objective although a few slight adjustments have been made. She reported the total portfolio balance as of 3/29/2018 is \$11.9 million up from \$11.6 million in December 2017.

- She reported the next Pension Committee meeting will take place at 9:00m a.m. on Wednesday, July 18, 2018 in the TANK conference room.

**FINANCE COMMITTEE – Mr. Guenther**

- Mr. Donoghue asked Mr. Guenther if he would the present the Finance Committee report. Mr. Guenther reported the committee met on June 5, 2018. The committee reviewed the financial statement for FY 2018. He said on a positive note the Express route ridership increased by 6.4% and this is something that we have not seen in a while. Overall, ridership on all fixed route services decreased by 1.6%, Demand Response ridership increased 3.1% compared to April of last year and Fixed Route ridership is 7.3% less than ridership for the same time last year.
- Mr. Guenther said even though passenger revenue was down about \$63,000.00 he indicated expenses were down over \$152,000.00 – so from a budget standpoint we are in good shape.
- Mr. Guenther reported they looked at how the financial statements are presented to the Board on a monthly basis and there will be a slight addition moving forward. Mr. Aiello provided an update - he said the discussion revolved around how we are doing with respect to passenger revenue compared to budget and also how we are doing with expenses compared to budget. Currently, this “balance” is not stated on the summary sheet. You see where we are \$611,000 under budget in terms of expenses year-to-date but we also know we are under budget in terms of revenue. With that being said, how is that equaled out and how much assistance is needed to essentially to balance the budget year-to-date.

He said that this information has always been shown in the financial statement, just a few pages back. After working with Mr. Harsaran we found a simple way to pull that information to the front page. In the May financials, which you will receive in the next few

weeks, you will see a statement on the front page. In the future you will easily see how we are tracking.

- Mr. Guenther said moving on to the next item the committee also discussed the current Investment Policy. Included within your Board packet there is a revised Investment Policy that is in a *red line* format so you can see the proposed changes by the Finance Committee as compared to the current policy.

Mr. Guenther said in a nut shell this revised policy gives staff more flexibility in terms of how to invest cash assets in accordance with Kentucky Revised Status. Additionally, as part of the due diligence staff checked with several local governmental agencies (Ft. Thomas, Florence and Ft. Mitchell) and found this proposed policy is consistent with those three governmental entities. Mr. Guenther indicated he would be happy to answer any questions but it is the Finance Committee's recommendation that the Board go ahead and approve this revised policy #41.

- *Mr. Sogar made the motion to approve the updated Investment Policy as recommended by the Finance Committee. Mr. Kuehne seconded the motion. MOTION PASSED.*
- Mr. Guenther said the next item would be the Benefits Broker RFP. This information was discussed at last month's Board meeting. Mr. Guenther indicated staff sought proposals from benefit providers primarily related to health insurance. The review committee was comprised of Mr. Aiello, Ms. Renae Agramonte, HR Manager and Mr. Steve Henriksen, Payroll. After completing a thorough review of the strong proposals received they are recommending to the Board to hire Sherrill Morgan as TANK's Benefit Broker on a three year contract with renewal options of one year each for two consecutive years beyond the original three years. Mr. Aiello pointed out the Selection Memo is within their Board packet showing the process. He reported three of the top candidates were interviewed. This firm, Sherrill Morgan, has a lot of public sector experience and actually work with two of the Fiscal Courts that fund TANK.
  - *Mr. Kuehne made the motion to approve Sherrill Morgan as TANK's Benefit Broker as recommended by the Finance Committee. Mr. Sogar seconded the motion. MOTION PASSED.*
- Mr. Guenther reported the next *Action Item* is Surplus Buses that have exceeded their useful FTA life. He referred to the Memo, provided by Mr. Aiello, listing the surplus buses. Mr. Donoghue asked for a motion. Mr. Aiello interjected that at the committee meeting a question was asked regarding our RAMP vehicles that are still marginally operable. Could we offer these to the Fiscal Courts prior to this disposition. A message was sent to the three Fiscal Courts asking if they have any interest.
  - *Mr. Voelker made the motion to declare these vehicles surplus. Mr. Kuehne seconded the motion. MOTION PASSED.*

- Mr. Guenther reported the last item the committee discussed was the Union Contract and he asked Mr. Aiello to explain that process. Mr. Aiello said, as the Board is aware, we have been negotiating the next Labor Agreement with ATU Local 628 for the last five months. He was happy to report we have reached a tentative agreement within the guidance provided by the Board for a three year contract. After completing the tentative agreement with ATU, they posted the contract changes and on June 11<sup>th</sup> the membership voted – 122 to 27 to approve the contract. It was a positive process. Therefore, in order for us to move forward with the contract we need *action* from the Board to allow staff to enter into and sign this contract with ATU. Mr. Donoghue asked for a motion for approval of the three year ATU contract.
  - *Mr. Ellerman made the motion for the Board to ratify the three year Contract with ATU Local 628. Mr. Voelker seconded the motion. MOTION PASSED.*

**PLANNING & MARKETING COMMITTEE – Mr. Kuehne**

- Mr. Kuehne reported the committee met on Tuesday, June 5<sup>th</sup>. Mr. Kuehne informed the Board ridership on the Southbank Shuttle was up twenty-seven percent when TANK offered *Free* ridership due to the bridge closure. He indicated ridership continues to be up on the Southbank Shuttle. This is the biggest increase in ridership since 2014.
- Mr. Kuehne announced the Marketing Manager position has now been posted. We have received fifteen applications at this time which are being reviewed.
- Mr. Kuehne reported we are preparing to put out an RFP for Advertising Sales. Within the RFP process, TANK must define the scope of work and state what types of advertising are allowable on the TANK system. The committee provided feedback to staff on this topic. We will keep you updated as we move along.

**OPERATIONS & SAFETY COMMITTEE – Mr. Sogar**

- Mr. Sogar reported the committee discussed the safety statistics that ended the month of May. Mr. Sogar reported we ended the month of May with eight preventable accidents compared to Last May when we had nine preventable accidents.

Mr. Sogar reported with the 8 preventable accidents that came to 7.62 per 400,000 miles driven. Year-to-date it comes out to 26 preventable accidents or 4.9 per 400,000 miles driven. Last year at this time, we had 32 preventable accidents or 5.83 per 400,000 miles driven. We are doing better than last year which was a record year for TANK.

- Mr. Sogar reported Mr. Clifton informed the Committee that back in January he and Mr. Aiello met with the Executive Director of the FTSB to discuss our concerns about the low number of trips available to TANK for the Medicaid program. He indicated we have seen our numbers more than double due to the conversion of several of our existing subscription trips from RAMP to the Medicaid program. With this conversion, roughly 150 trips a month

moved from RAMP (\$2.50 fare) to Medicaid (\$25.00 reimbursement). The change lowered our average denial rate on RAMP due to increasing availability on that system.

Mr. Sogar reported that these numbers are still not where we would like for them to be. In June of 2017, we presented to the Board, for approval, our plan to enter into an agreement with FTSB to provide Medicaid Transportation Services. In that presentation, we outlined that funding would come solely from revenue generated by these trips with no tax dollars from our three counties. To achieve this we would need to at least break even.

Mr. Sogar reported we currently are in communication with FTSB to explore ways to generate at least 150 more trips a month. With the next pick scheduled for August 4<sup>th</sup>, we have roughly two months to see these numbers increase. Mr. Clifton said if we do not see this increase of at least 150 trips a month, he would recommend a cut of 1 run from our Medicaid program. This would reduce our operating hours from 480 hours a month to 320 hours bringing TANK to profitable levels or at the very least a *breakeven* situation.

He added that if we are able to break even, this program still provides a significant benefit to TANK due to the conversion of RAMP clients to Medicaid, as mentioned before.

#### **GENERAL MANAGERS REPORT – Mr. Aiello**

- Mr. Aiello reported on the following:
  - Mr. Aiello reported our Operations Management Team, under the direction of Mr. O’Leary, took a tour of the Toyota Plant in Georgetown, KY. It was a great opportunity for our Managers.
  - Hiring Blitz – like many other businesses, it is difficult to find and retain new employees in the current employment climate. Staff is conducting a Hiring Blitz this summer to boost the number of new employees entering the organization at one time. This will both help with meeting our employment needs as well as mitigating some of the overtime and harsh schedules that in turn leads to more turnover.
  - Mr. Aiello said within the Maintenance Department we have new buses going into service and have new staff taking on new positions and filling positions as people retire.
  - Mr. Aiello said on the Planning & Marketing side the committee discussed two ongoing technology projects; the Uber planning project and the Microtransit project with TransLoc.
  - Mr. Aiello said he wanted to thank Staff - we are two weeks away from our next fiscal year and the work everyone has put in on the contract and budget has been great. Thanks everyone for all of your hard work.

#### **OLD BUSINESS – Mr. Donoghue**

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

**NEW BUSINESS – Mr. Donoghue**

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

**GENERAL COUNSEL REPORT – Mr. Duncan**

- Mr. Duncan said everything had been covered.

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

The TANK Board of Directors meeting adjourned at 6:25 p.m.

**Respectfully Submitted**  
**Nancye McClanahan**  
**Executive Assistant**

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David L. Anneken, Secretary-Treasurer

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Tim Donoghue, Board Chair