

TRANSIT AUTHORITY OF NORTHERN KENTUCKY
Board of Directors
June 14, 2017

The Board of Directors meeting was called to order at 5:30 p.m., Wednesday, June 14, 2017 in the Conference Room of the TANK office, 3375 Madison Pike, Ft. Wright, Kentucky, by Mr. Ed Kuehne, Board Chair. Mr. Kuehne requested all to stand for the Pledge of Allegiance.

Mr. Dave Anneken called the roll. In attendance were: Mr. Ed Kuehne, Board Chair; Mr. Timothy Donoghue, Board Vice-Chair; Mrs. Jean Miller; Ms. Jody Robinson; Mr. Dave Sogar; Mr. Bill Voelker; Mr. Andrew Aiello, General Manager; Mr. Mike Duncan, Legal Counsel; Mr. Dave Anneken, Secretary/Treasurer and Mrs. Nancye McClanahan, Executive Assistant.

Absent from the meeting was: Mr. Jim Parsons, Mr. Steve McCoy and Mr. Brian Ellerman.

Mr. Kuehne requested a motion to approve the minutes of May 10, 2017 Board Meeting. ***Mr. Donoghue made a motion to approve the May 10, 2017 Board minutes. Mr. Sogar seconded the motion. MOTION PASSED.***

Mr. Kuehne said that prior to our committee reports we will be deviating from our regular schedule for a few minutes to speak about a special person that has served with us for a long time. Mr. Kuehne asked Mrs. Miller to come forward. He provided a bio of Mrs. Miller's many accomplishments while serving on the TANK Board of Directors for the past twelve years. (*See Enclosed*) Mr. Kuehne presented Mrs. Miller a crystal award for her service and leadership on the Board along with a beautiful bouquet of roses.

Mrs. Miller thanked the Board members for the acknowledgement of her service – it was has been an honor and a privilege to serve Northern Kentucky by serving on the TANK Board of Directors. There have been incredibly major changes in the past 12 years. Mrs. Miller said she could not thank the staff enough...you are absolutely amazing! You make the job of the Board very easy and it is much appreciated. Mr. Kuehne again thanked Mrs. Miller for her service and wished her the best in her retirement from the Board.

PENSION COMMITTEE – Mr. Donoghue

- Mr. Donoghue mentioned the Plan's assets are all in mutual funds with 9.4% in the SP Index with another 12.2% in active managed funds. US Bank continues to maintain a balanced investment strategy with 60% equities, 30% fixed income, 6% real estate, 2% commodities and 1% cash to cover for distributions in the short term. At the end of April the Plan's portfolio value was \$11,162,051 with a current yield of 2% and a projected annual income from dividends and interest of \$225,027. He reported that YTD the Plan's portfolio was up by 5.76% and on a one year basis it was up 10.92% beating our actuarial assumptions. The equity portion of the portfolio was up 8.45% YTD and on a one year basis was up 15.42%. Fixed income was up 2.51% YTD and 5.22% on a one year basis. In almost all areas the Plan's funds have outperformed financial indices. Mr. Donaldson presented a periodic table

of returns from 2003 to present with a breakdown by asset class to demonstrate the importance of having a diversified portfolio.

- Mr. Donoghue informed the Board that Ms. Pierce reported that Barnes Dennig, the accounting firm that is scheduled to perform the Plan's annual audit is in the process of collecting audit documents. They are scheduled to begin the audit June 6th. She mentioned that Harold Kremer from Barnes Dennig had inquired if the Plan required a full blown audit. Ms. Pierce checked with Bob Saelinger, the Plan's attorney. He indicated that federal pension laws do not impose audit requirements on governmental pensions but some accounting firms may take the approach that a full audit is required to comply with governmental accounting standards. Mr. Donoghue suggested running the issue by Mr. Aiello to make sure the fiscal courts would not take issue with not having a full audit completed. Barnes Dennig warned that an updated actuarial study might be needed to comply with the governmental accounting standards. They will explore this further and let Ms. Pierce know if this is required.
- Mr. Donoghue reported that Ms. Pierce also mentioned that Mr. Saelinger had inquired if we wanted him to update the Plan and Plan summary. The committee agreed that this should be done. Ms. Pierce will follow up with Mr. Saelinger. Mr. Donoghue informed the Board that Mr. Donaldson would be retiring and his replacement would be attending the next meeting. The committee members wished him well.

PLANNING & MARKETING COMMITTEE - Mrs. Miller

- Mrs. Miller reported in regard to the August service change and communication. Mrs. Douthat informed the committee we are in the process of announcing the service changes that will take place in August. Mrs. Miller indicated that Mr. McCulley is in the process of getting all of the schedules ready and having drivers pick their work. We are getting ready to communicate all of the final changes that will be made by contacting every person that was involved in our public involvement process later this week - if they showed up at a meeting, sent a letter, emailed or called. She reported Mrs. Douthat said the service changes will be put on our website, sent by text Alerts, flyers on the buses and Riders Digest. We believe two months will be ample time for folks to adjust to the new schedules.
- Mrs. Miller reported on the *Dump the Pump* program. To show our appreciation to our current riders and try to attract new riders, on June 29th we will offer a "free ride" to encourage ridership on TANK routes. This promotion will be for our local as well as our express routes. In addition, we will be doing some corporate events with certain companies such as GE and P&G, by offering their employees "free rides" on a set day. One or two weeks before the day set for their company's "free ride day" we will go to their location to educate their employees on riding TANK.

Mrs. Miller said the amount of fare revenue we may lose in one day for the promotion (approximately \$7,000 to \$9,000) would be outweighed by the unpaid/PR coverage that we will receive and the potential to gain new paying customers at a time when ridership is trending downward.

FINANCE COMMITTEE – Mr. Kuehne

- Mr. Kuehne reported the committee thoroughly reviewed our proposed budget – looking at everything to make sure we are operating within our budget as we go forward to FY 2018. Mr. Kuehne informed the Board we have two *Action Items* for consideration. They include:
 - *Administrative Pay Plan* - Mr. Kuehne reported the Board must approve the Administrative Pay Plan at the beginning of each fiscal year. It is the matrix that we use when doing performance evaluations. All performance evaluations are performed on the employee’s anniversary date and are subjected to the Pay Plan. Any time there are salary changes or wage increases associated with that performance-based evaluation for administrative employees, it has to conform to this matrix. This is consistent with last year’s matrix and it is also reflected in the budgeted expenses for administrative personnel. Mr. Kuehne reported that a copy of the Administrative Pay Plan was included in the Board packet that everyone received. The committee recommends to the Board approval of the Administrative Pay Plan as presented.

Mr. Donoghue made a motion to accept the adoption of the FY 2018 Administrative Pay Plan as presented. Mrs. Miller seconded the motion. MOTION PASSED.

- *FY 2018 Final Budget* – Mr. Kuehne reported the FY 2018 budget has been thoroughly reviewed. He asked Mr. Aiello to comment on the FY 2018 budget. Mr. Aiello reported the *draft* that was approved in March gave us the foundation upon which we submitted our financial plan along with the proposed service adjustments. We heard back from the public regarding the service adjustment and we also heard back from the fiscal courts. We presented a final budget to the counties for their approval - we must match the service on the street with the amount of revenue approved by the Fiscal Courts. This final budget represents two things. (1) Final amount of funding to us from the Fiscal Courts and (2) also the *service adjustment* as approved last month by the Board.

Mr. Aiello reported there have been a couple of minor changes to final budget that are outside our standard fixed route transit service. These items were discussed in committee. They include:

1. Pilot Medicate Program
2. Pilot service in Boone County to be funded by a CMAQ grant and outside sources.

Mr. Aiello informed the Board that any of these additions and adjustments to the budget have been offset by outside sources and do not impact the final Fiscal Court amount which was approved by this Board. With that being said, we presented to the Finance Committee to make recommendation to the Board to accept this budget as final. Mr. Kuehne said the Finance Committee went over the budget quit extensively and with the service recommendations that were planned and approval by the counties the Finance Committee now recommends to the Board approval of the *FY 2018 Final Budget*.

Mr. Voelker made the motion to approve the FY 2018 Final Budget. The motion was seconded by Mr. Donoghue. MOTION PASSED.

OPERATIONS & SAFETY COMMITTEE – Mr. Donoghue

- Mr. Donoghue reported the committee met on Wednesday, April 7th. Mr. Donoghue said Mr. Lockman reported we had 9 preventable accidents in May compared to 7 preventable accidents in May 2016. Mr. Donoghue said this comes out to 7.9 accidents per 400,000 miles driven. In May 2016 it was 6.37 accidents per 400,000 miles driven. Mr. Donoghue said Mr. Lockman informed the committee, year-to-date, we are at 32 preventable accidents compared to 40 last year. This puts us at 5.83 accidents per 400,000 miles driven compared to 7.27 accidents for 2016. Mr. Donoghue said we are certainly tracking in the right direction.
- Mr. Donoghue reported with unemployment low and a changing workforce, TANK, like many businesses in our region, is struggling with recruitment and retention of operators. Staff will be investigating the issue in more detail and drafting some recommendations regarding how to approach this situation moving forward. He said Mr. Aiello reported the challenges are real and the solutions are not easy. He said other service businesses are experiencing the same thing. He indicated Mr. Aiello has begun a conversation with Mr. Boland, ATU President, as well. Staff will keep the Board posted as we move forward.

GENERAL MANAGERS REPORT – Mr. Aiello

- Mr. Aiello reported on the following:
 - Mr. Aiello said he was following up on the Medicaid Transportation Pilot Program. He reported we have been tracking this issue for a number of years in terms of Medicaid transportation within our region. We were informed in the spring there would be a new Broker in our Region. We are partnering with the new broker on a Pilot basis to try some new service within our network. Individuals interested in the Medicaid transportation have to call the Broker. The broker would then work with TANK, as a subcontractor, to provide some of the trips. Our goal is to provide a high level of service to those folks and see if we can bring in enough revenue to either break even or help to offset some of our other costs in the demand response transit

world. Mr. Aiello indicated all of the details regarding this service are found in your Board packets.

Mr. Kuehne asked Mr. Aiello to repeat again how folks get the rides for the Medicaid Transportation. Mr. Aiello reported those wanting Medicaid transportation in Boone, Campbell or Kenton County, starting July 1st, must contact the new Broker, F.T.S.B. (Federated Transportation Services of the Bluegrass). Mr. Aiello indicated TANK can be contacted to get information about contacting the Broker. The Broker is responsible for taking those trips and making sure those Medicaid Transportation trips are provided. Again, TANK will be a subcontractor to F.T.S.B. Mr. Aiello feels with the changes in regulations, change in the reimbursement rate and decrease in the amount of reporting and paperwork, now it is a good time to pilot the service. He said we feel there is very limited risk to the TANK budget to try the pilot. Our projections show we will very easily break even on this and maybe a little bit more. So we will get into this cautiously. We have been talking to the Bargaining unit about some of the new rules and regulations. This is a pilot for all of us and it is our goal to move the company forward.

- Mr. Aiello said he would like to echo the sentiment of the Board from the staff perspective. We want to thank Jean for her service. She has been a very good Board member – firm, fair and always acting in the best interest of Northern Kentucky. So thank you for your time and service. A lot of things happen behind the scenes that people do not see and her help has been invaluable.

GENERAL COUNSEL REPORT - Mr. Duncan

- Mr. Duncan reported pursuant to Kentucky law and TANK by-laws, next month we will have election of officers. This will be the last order of Business at the July Board meeting each year. According to the rotation, the Chair will be from Boone County and the Vice Chair will be from Campbell County.

OLD BUSINESS – Mr. Kuehne

- Mr. Kuehne asked for Old Business and there was none.

NEW BUSINESS - Mr. Kuehne

- Mr. Kuehne asked for New Business and there was no new business from the audience. However, Mr. Kuehne said prior to closing the meeting – this goes out to all three counties and all three Fiscal Courts – thank you for working with us on the budget. We had some changes we thought needed to be made, we listened to your recommendations and adjusted them a couple of times. So thank you for working with us.

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

The TANK Board of Directors meeting adjourned at 5:55 p.m.

Respectfully Submitted:
Nancye McClanahan
Executive Assistant

David L. Anneken, Secretary-Treasurer

Ed Kuehne, Board Chair