



MINUTES
REGIONAL TRANSPORTATION AUTHORITY
JUNE 18, 2014

- I. **CALL TO ORDER:** The regular meeting of the Regional Transportation Authority Board of Directors was held in the meeting room at Music City Central, 400 Charlotte Avenue, Nashville, TN on June 18, 2014. A quorum was established and the meeting was called to order at 10:00 a.m. by RTA Chair Nashville and Davidson County Mayor Karl Dean.
- II. **APPROVAL OF MINUTES:** Chair Dean entertained a motion to approve the minutes of the May 21, 2014 meeting. Proper motion was made and seconded. The vote of approval was unanimous and the minutes were adopted as presented.
- III. **PUBLIC COMMENTS:** Margo Chambers of Nashville stated that the RTA Interim CEO is the same person as the RTA Chief Financial Officer which is a conflict of interest. She would like the RTA Board to address the separation of those officers. Ms. Chambers also stated that she would like to know how many RTA riders pay no fare to ride the services. Ms. Chambers stated that concerning the Citizens Advisory Council for the Amp, that citizens are not able, at this time, to provide meaningful input to the engineers.

There were no other public comments.

- IV. **OPERATIONS REPORT:** Committee Chair Portland Mayor Ken Wilber reported that the Operations Committee met on June 10th (2014) and heard from Interim Director of Operations and Maintenance Charles Mitchell. Mr. Mitchell reported that RTA had sold 569 tickets thus far for the Fourth of July train service to downtown Nashville's Riverfront Park. There are a total of 950 tickets for the event and the expectation is that all remaining tickets will be sold by the end of this week.

Mr. Mitchell then reviewed the monthly performance reports noting that overall the corridor bus service is doing well with good ridership increases on the Rutherford County, Clarksville, and Franklin/Brentwood services. He noted that staff has met with the Southeast Corridor Committee to discuss possibly adjusting some of the schedules on the Murfreesboro Express route to alleviate problems with overcrowding on the first bus. Concerning the Music City Star, there was a slight decrease in ridership and Mr. Mitchell explained that we are completing the rehab project on the rail line and will then start the passing siding project. We plan to adjust schedules on all trips all the way to Lebanon to make trip times more convenient for people working a variety of work schedules.

The regional report showed that ridership was strong in April. Mr. Mitchell pointed out the 5,415 riders under miscellaneous service and noted this was related to the Nashville MTA shuttle service offered during the Country Music Marathon. This led to a discussion about providing train and express bus service to the CMA Music Festival in future years. Mrs. Baulsir explained that we could consider this as an option for train service since there are no other companies providing that type of service. However, federal regulations restrict us from providing express bus service because there are other private charter carriers. Since we receive federal funding to operate our equipment and they do not, it is considered unfair competition to them.

Mayor Wilber then presented the following action item:

- a. **RTA-MTA Contract Renewal for Regional Transit Services (A-014-014):** MTA provides for the RTA the Rutherford County express bus service and the shuttle service that meets the train. Controller Shelly McElhaney reviewed the action item noting that the hourly rate would increase 3% to \$97.25 per hour for both services. There is also a fuel escalator clause included, although it is unlikely to be needed since we hedge approximately 67% of our fuel purchases.

The Operations Committee recommends approval of this contract for regional bus service at an amount not to exceed \$1,492,712; and, also recommends approval of the contract for connecting bus service for train passengers at a rate not to exceed \$153,891. These contracts are for a one-year period from July 1, 2014 through June 30, 2015 and will be contingent upon approval of the FY 2015 budget in our August meeting.

Proper motion was made and seconded. There was no discussion and the vote of approval was unanimous.

- V. **FINANCE REPORT:** Committee Chair Rutherford County Mayor Ernest Burgess reported that the committee heard from RTA Controller Shelly McElhaney when they met on June 10th. The Committee discussed the financial condition of the RTA and all is in good order.

He then presented the following items for the Board's consideration:

- a. **FY 2014 Continuation Budget for FY 2015 (A-14-015):** RTA's budget has two distinct operations consisting of commuter rail and rideshare operations. The FY 2015 proposed budget for RTA cannot be finalized until all revenue sources are confirmed from numerous sources. The proposed Rideshare budget has not yet been completed. We are currently working through possible adjustments to the South Corridor service. RTA staff has made several assumptions for consideration by the committee that have both increased and decreased certain revenues and expenses that are presented in the proposed budget as follows:
 1. Metro governments will continue status quo with their operating support.
 2. The three Wilson County governments will support the train at \$50,000 each.

3. TDOT maintains the financial support for the Easy Ride program to approximately \$1.5 million of which RTA would receive approximately \$720,000.
4. Fuel prices are assumed to increase approximately 4% based upon estimated increases in our fuel hedging contracts increasing from \$2.96 to \$3.07 on approximately a 67% hedge.
5. A 3% increase in the management fee paid to MTA.

This proposed budget also assumes that the \$1.5 million line of credit will be available for use throughout the fiscal year. Therefore, the Finance and Audit Committee recommends the Board approve a 60-day continuation of the current FY 2014 operating budget while all revenue sources are confirmed for the new FY 2015 Budget which will be presented in the August 2014 Finance and Audit Committee meeting.

Committee Chair Burgess so moved. The motion was seconded. There was no discussion and the vote of approval was unanimous.

- b. **Music City Star Liability Insurance Renewal (A-014-016):** For the past several months, we have been working with our insurance broker on the renewal of our \$30 million liability insurance coverage for commuter rail, which is due to expire June 30, 2014. The RTA provides the first \$1 million through our own supplemental insurance reserve account. The remaining \$29 million (per occurrence and \$58 million aggregate) excess policy is what we receive pricing for each year. The current policy with Liberty International Insurance and XL Insurance companies has a total premium of \$468,235.

Our broker contacted all the insurance companies in the passenger rail insurance market and we received the best pricing from our current providers, Liberty International Insurance and XL Insurance companies at a flat renewal rate. Both of these companies have excellent bond ratings. The renewal Liberty / XL bid is \$468,235, with Liberty covering the primary layer of \$18 million / \$36 million aggregate and XL as the second layer of \$11 million / \$22 million aggregate.

Based upon the above explanation, the Finance and Audit Committee recommends to the Board the renewal of \$29 million of liability insurance coverage (with a \$58 million aggregate) for the policy year from July 1, 2014 through July 1, 2015 to Liberty International and XL Insurance companies for a total premium of \$468,235. RTA will continue to provide the supplemental insurance reserve of \$1 million, making our total liability insurance coverage \$30 million. This action item will be contingent upon approval of the 2015 budget in our August board meeting.

Committee Chair Burgess, on behalf of the Finance Committee, so moved. Motion was seconded. A general question was asked if the limits of liability were the same and the answer was yes. There was no further discussion or questions and the vote of approval was unanimous.

- VI. **INTERIM CEO'S REPORT:** Interim CEO Ed Oliphant reported on the following information item:

- a. **Report of Debt Obligation Notification (I-14-003):** Interim CEO Ed Oliphant brought the Board's attention to this information item and noted that in December 2011, the RTA Board adopted a debt management policy as required by the Comptroller of the Treasury of the State of Tennessee. The policy requires RTA to submit a Report of Debt Obligation to the Comptroller's Office anytime we enter into a debt agreement. One of the submission requirements is that the governing board reviews the report of debt obligation prior to submission.

In April 2014, the RTA Board approved the renewal of our \$1.5 million line of credit with SunTrust Bank. A copy of the Report of Debt Obligation is included for your review to fulfill the submission requirement. The report will be filed with the Comptroller by the end of June 2014. This is a formality that fulfills our obligations to the comptroller's office.

Concluding, Mr. Oliphant reported that he had convinced Lora Baulsir, General Manager of RTA, who is retiring at the end of June, to stay on with RTA on a part-time basis through the transition process of MTA finding a new CEO. Mr. Oliphant stated that while she is retiring, and we greatly appreciate all the work she has done, he is equally as thankful that she is willing to continue serving the RTA Board on a part-time basis.

- VII. **CHAIR'S REPORT:** Chair Dean reported that his office and Nashville MTA recently kicked off a Twitter campaign to build enthusiasm around support for transit; in particular, a program was launched around Route 18 that runs to the airport which will get you there from downtown in about twenty minutes and it costs \$1.70. Comparatively, whether you drive yourself and park or other costs in getting to the airport, it is a bargain, he noted.

Continuing, Chair Dean reported that the Metro Council passed the annual budget last night which includes \$1 million in capital spending for improving bus stops across the city. These stops will be better stations providing rain protection for transit riders.

In closing, since this was Ms. Baulsir's last meeting as a full time employee, Chair Dean extended his thanks to her for all the great work she has done for the organization and stated that it has been his pleasure to work with her.

- VIII. **GENERAL MANAGER'S REPORT:** General Manager Lora Baulsir gave an update on Positive Train Control (PTC), safeguards which are mandated by the Federal Government for all commuter rail operators. When first introduced, it was estimated that the price tag for the RTA would fall somewhere in the range of \$20 - \$30 million. All other small commuter rail operators, being in the same position as RTA by not having the money for this large of an outlay, have been lobbying for assistance from the federal government. Consequently, the Federal Railroad Administration (FRA) stated that they would work with the smaller operators on an alternate plan.

Continuing, Ms. Baulsir noted that we are in the final steps of getting FRA's approval for an alternate plan. We expect this plan to reduce the cost for RTA to \$10 million, and we do have the funding in place for that. The deadline for completion of implementation of PTC is December 2015. We possibly could get it

completed by then, but the FRA has stated that they will be lenient with operators who are not completed by the deadline but are putting forth a good faith effort towards meeting that deadline.

Next week we are meeting with TDOT concerning the Clarksville Park and Ride at Exit 8. TDOT is doing redevelopment of the roads at that exit in anticipation of Hankook Tires building a new facility close by. The construction activity and the increased traffic loads related to Hankook will provide a challenge for access to the Park and Ride. In addition, that Park and Ride has reached its maximum capacity. Therefore, we need to explore other options for Park and Rides in the Clarksville area.

Ms. Baulsir concluded by reporting that 131 tickets were left for the July 4th train and they are expecting the tickets to be sold out as usual.

- IX. OTHER BUSINESS:** Goodlettsville Mayor John Coombs expressed his concern about the lack of pedestrian crossings or controlled signals in the corridor of Gallatin Road near RiverGate Mall. He understands that this is not specifically an RTA issue, but he believes there are RTA riders that are trying to negotiate Gallatin Road and would like to bring about a heightened awareness of this need.

Dickson County Mayor Bob Rial asked about the comment by Ms. Chambers earlier during the public comments period concerning the Interim CEO and Chief Financial Officer (CFO) and whether or not this question needs to be addressed at this time. Interim CEO Ed Oliphant stated that he is the Interim CEO and there is no CFO through the transition process and that MTA's Controller Shelly McElhaney has taken on the additional responsibilities that he has given up as CFO during this period.

- X. ADJOURNMENT:** The meeting was adjourned at 10:18 a.m.

Respectfully,

Paula Mansfield
Governor Appointee
RTA Secretary