

Jointly Held
Finance/Personnel and Planning Committees
Meeting Minutes

October 16, 2018

Members Present: Sharon Hairston, Board President
Adrienne Heard
Franz Hoge
Belinda Matthews-Stenson
Thomas Weckesser, Chair, Investment Advisory Committee
David P. Williamson, Jointly Held Committee Chair, Board Vice President

Excused Absence: Vince Corrado
Sharon Howard, Chair, Planning Committee
John Lumpkin, Chair, Finance/Personnel Committee

Staff in Attendance: Mark Donaghy
Julie Beard
Daron Brown
Roland Caldwell
Chris Cole
Chris Conard, Coolidge Wall
Skip Dunkle
Tim Harrington
Deborah Howard
Nikol Miller
Brandon Policicchio
Bob Ruzinsky
Mary K. Stanforth
Bob Stevens

Others Attending: Marc Reynolds, Marsh & McLennan
Cari Sanders, Marsh & McLennan
Beth Bailey, McGohan Brabender
Kevin Hopf, McGohan Brabender
Dr. Richard Henry, League of Women Voters

Call to Order

Mr. Williamson called the meeting to order at 8:32 a.m. A quorum was present and proper notice of the meeting had been given.

Greater Dayton Regional Transit Authority

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Approval of September 18, 2018 Meeting Minutes

Mr. Williamson asked if attendees desired a reading of the minutes or if there were any corrections to the minutes? Upon hearing no requests or corrections, Mr. Williamson declared ACCEPTANCE of the September 18, 2018 meeting minutes.

November 2018 Board Action Items:

Action Item #2

Marsh & McLennan Insurance Agency Quotes

Following a presentation by Marc Reynolds and Cari Sanders from Marsh & McLennan Insurance Agency, Ms. Mary Stanforth shared that Marsh & McLennan Insurance Agency has surveyed the insurance markets over the past couple of months, on behalf of the RTA, and has identified several highly rated insurance companies to provide coverage. Ms. Stanforth referenced the Executive Summary that was provided to the committee, which highlights types of coverage and the associated annual cost.

Marsh & McLennan's recommended and most cost effective insurance package is \$1.60 million annually. This cost includes average deductible and self-insured retention amounts. The cost has been flat over the past several years.

MOTION made by Ms. Heard and SECONDED by Mr. Weckesser that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees AUTHORIZATION to bind insurance coverage through the Marsh & McLennan Insurance Agency for the coverage year December 1, 2018 thru November 30, 2019. The coverage will include the attached coverage terms, unless a more cost effective package becomes available prior to December 1, 2018. This 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. The Motion was APPROVED by voice vote 5-0, with one (1) abstention, Mr. Hoge due to a conflict of interest.

ACTION ITEM #3

Group Medical and Prescription Insurance

Following a presentation by Beth Bailey from McGohan Brabender, Mr. Bob Stevens shared that the action item is for the procurement of group medical and prescription drug coverage for employees of RTA. RTA provides health coverage in accordance with its' labor agreements and administrative employee benefit plan. Group Medical and Prescription Insurance is coming before the Board at this time because the current contract expires December 31, 2018. Keeping the cost of health care manageable for both RTA and employees supports RTA's core value of Stewardship.

RTA has self-funded their medical and prescription drug plan since 2014. In October 2017, a contract to administer the plan and provide stop loss coverage was awarded to Medical Mutual of Ohio (MMO) for the 2018 plan year plus two one-year options. The renewal process for a self-funded plan entails the review/analysis of the underlying cost/liability components of the plan and establishing appropriate prospective premium equivalent rates to fund the costs of the plan going forward.

Renewal of Component Costs for the Self-Funded Plan

Under the self-funded arrangement there are three primary components: 1) an Administrative Service Agreement for payment of claims, rental of a provider network, etc.; 2) Aggregate and Specific Stop Loss Insurance; and 3) estimated claims liability for the contract period.

Administrative Services Agreement: MMO’s administrative services fees for the 2019 plan year will be \$17.69 per employee per month (PEPM), an increase of 2%. This increase was locked in at the time of the original contract. The administrative fee is net of a \$24 PEPM prescription rebate credit.

Stop Loss Insurance: MMO’s initial contract for aggregate and specific stop loss insurance included fixed premiums for a one-year period. For subsequent years, MMO was to provide a proposal for renewal premium rates that will be subject to review and approval by the Board. RTA also solicited proposals for Stop Loss Insurance through the Dayton Daily News and Dayton Weekly News. Proposals were sent to twenty-five (25) firms; however, no proposals were received in response, with vendors stating their rates would not be competitive.

A summary of MMO’s aggregate and specific renewal proposals for the 2019 plan year are outlined below:

MMO	Current	Renewal	% Increase
Specific Stop Loss (\$200,000 Specific Deductible)	\$66.24	\$77.17	16.50%
Aggregate Stop Loss (125% Aggregate Corridor; \$1,000,000 Aggregate Cap)	4.99	5.09	2.08%
Totals	\$71.23	\$82.26	15.5%

MMO is increasing wellness dollars from \$10,000 to \$15,000 for 2019.

Claim liability: Based on historical actual claims experience and current enrollment, RTA’s benefits consultant, McGohan Brabender, projects total *expected* claims of \$1,223.19 per employee per month in 2019.

As a cost saving measure, a spousal exclusion will be implemented for spouses who have other employer sponsored group coverage available to them. The funding rates will be reduced to reflect anticipated savings from spousal exclusion, which are estimated to be \$616,637 for the 2019 plan year.

HDHP at Current Benefit Level (24/12)	Total Cost PEPM	Estimated Annual Cost*
ASO	\$17.69	\$105,291
Specific \$200,000	77.17	459,316
Aggregate 125%	5.09	30,296
Total Fixed Costs	\$99.95	\$604,498
Est. Total Cost Based on Estimated Expected Claims	\$1,323.14	\$8,002,351
Est. Savings for spousal exclusion		(616,637)
Total estimated cost for 2019		\$7,385,714
Current Funding Rates	\$1,403.39	

* Estimates are based on current enrollment of 504 employees.

Employees actively enrolled in the wellness plan and who meet the plan requirements will pay 10% of the premium equivalent rates. The remaining employees will pay 20% of the premium equivalent rates.

MOTION made by Mr. Hoge and SECONDED by Ms. Matthews-Stenson that the Finance/Personnel and Planning Committees RECOMMEND that Option Year 1 be exercised with Medical Mutual of Ohio for self-insured medical and prescription insurance in the total estimated amount of \$7,385,714 for a one-year period. The actual dollar amounts will vary based on the census and actual claims paid under the plan. This procurement will be funded with operating funds. As is typical with this procurement, work will continue to identify potential cost savings and alternative approaches deemed in the best interest of the Authority. It is understood that should significant opportunities become a reality that the Chief Executive Officer may bring an additional action item to the board for its December meeting which would supersede this action. The motion was APPROVED by voice vote 6-0.

Action Item #4 **Approval of 2019 Board and Committees Meeting Dates**

Ms. Stanforth stated that set forth within 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.

After a comprehensive review of planned Agency activities, the 2019 Board and Committees meeting dates provided to the committee are recommended for approval by Board Trustees.

MOTION made by Ms. Heard and SECONDED by Ms. Hairston that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees APPROVAL of the attached 2019 Board and Committees meeting dates and that the Board of Trustees reserves the option to cancel/reschedule meetings based on necessity of actions by the Board of Trustees. The Motion was APPROVED by voice vote 6-0.

ACTION ITEM # 5 **Retiree Death Benefit Plan**

Ms. Stanforth stated that the Board Trustees established a Life Insurance Trust in 1986 for the purpose of setting aside funds to pay death benefits to the estates of former employees retired from the RTA. RTA Human Resources Policy #11, Self-Insured Retiree Survivor Benefit, which was provided to the committee.

Annually, in conjunction with RTA's financial statement audit, an actuarial study is performed to determine the appropriate funding level for the Life Insurance Trust. As of December 31, 2017, Madison Consulting Group (Madison) performed an initial study and concluded RTA's Central Estimate of Discounted Benefits for 382 retirees is \$1,027,938. Board Trustees approved a payment of \$127,878 on May 1, 2018 to fund the Life Insurance Trust to bring the balance to the Central Estimate of \$1,027,938.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", to the 2017 financial statements a second actuarial study was required. The second study performed by Madison included only active employees having already met requirements of the plan. As of December 31, 2017, Madison concluded RTA's Central Estimate of Discounted Benefits for 251 active employees is \$441,163. Notes to the 2017 audited financial statements are attached.

At this time Staff brings a request to fund the \$441,163 obligation for 251 active employees. The Ohio Auditor of State addressed this item recently with Board Trustees as part of the post audit meeting.

MOTION made by Mr. Hoge and SECONDED by Ms. Matthews-Stenson that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees increasing the Life Insurance Trust by \$441,163 to fund the December 31, 2017 obligation related to 251 active employees. The Motion was APPROVED by voice vote 6-0.

Informational and Discussion Items:

Customer and Business Development Update

Mr. Policicchio stated the Customer and Business Development Department previously included in today's meeting packet a summary document of recent activities. Mr. Policicchio stated that he would be happy to answer any questions related to this summary document.

KPI Data Review

Ms. Julie Beard reported on KPI data which was included in today's meeting packet. There were no questions from Committees members regarding this report.

July 2018 Sales Tax Update

Ms. Stanforth reported July 2018 Sales Tax receipts equal \$3,126,511 and State of Ohio Transitional Aid is \$172,957. The Grand Total of \$3,299,468 reflects a 3.3% or \$114,196 increase versus July 2017.

Year-to-Date (YTD) July 2018 Sales Tax receipts equal \$21,689,395 and State of Ohio Transitional Aid is \$3,098,329. The YTD Grand Total of \$24,787,724 reflects a 3.0% or \$714,033 increase versus YTD July 2017. As compared to YTD Budget, we are down \$299,000.

September 2018 Financial Statements

Ms. Stanforth reported that for the month of September 2018 RTA's *Net Gain after Local Depreciation* is \$180,000 compared to Budgeted Net Income of \$130,000. Positive Variances include: Operating expenses, excluding depreciation, were \$122,000 under budget. RTA Local depreciation expense was \$12,000 under budget. Negative Variances include: Operating revenues were \$2,000 below budget. Non-operating revenues were \$ 82,000 under budget.

RTA's Year-to Date (YTD) *Net Gain after Local Depreciation* is \$40,000 compared to YTD Budgeted Net Loss of \$77,000. Positive Variances include: RTA Local depreciation expense was \$34,000 under budget. Non-operating revenues were \$81,000 above budget. Negative Variances include: Operating revenues were \$112,000 below budget. Operating expenses, excluding depreciation, were \$109,000 above budget.

The details and variance explanations associated with the financial statements are included in today's Committees Meeting Package.

Small Purchasing Information

Ms. Deborah Howard stated Small Purchasing Information was previously included in today's meeting packet. There were no questions from Committees members regarding this report.

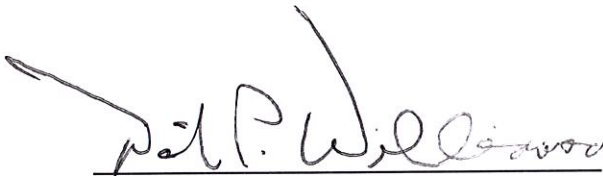
Next Meeting Dates

A Jointly held Finance/Personnel and Planning Committees meeting will be held on November 20 and December 18, 2018. Meetings will start promptly at 8:30 a.m.

Adjournment

Hearing no objections, Mr. Williamson DECLARED the meeting ADJOURNED at 10:35 a.m.

Attest



Dave Williamson, Chair



Brandon Policchio, Committee Secretary