

Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

10:24 a.m., August 6, 2019

Committee: Moss (Chair), Lucas (Vice Chair), McCall, Welo

Other Board members: Bibb, Byrne, Clough

Not present: Joyce, Serrano

Also Present: Anderson, Astolfi, Bencs, Bitto, Burney, Caver, Ciesla, Cranford, Dangelo, Draper, Feliciano, Ferraro, Fields, Garofoli, Gibbons, Gillan-Shafron, Gray, Haer, Hershman, Jaszczak, Johnson, Jones, Kirkland, Laule, Lewis, Lincoln, Loh, Macko, Mills, Montgomery, Penning, Pinkney-Butts, Richardson, Rusnov, Schipper, Scruggs, Sims, Stocking, Sutula, Tarka, Togher, Tucker, Uhas, Wilson, Winn, Woodford, Young, Zeller

Ms. Moss called the meeting to order at 10:24 a.m. The secretary called the roll and reported that four (4) committee members were present.

Casualty Insurance Program

Judy Lincoln, director of claims, made the presentation. This update is to help new board members understand the program. The program renews September 1st. RTA maintains a Casualty Insurance program for protection of assets against catastrophic loss. There are three components to the program. The first and the largest is the Excess Liability program. It contains liability coverage for general, rail and auto. There is a coverage limit of \$95 million per occurrence and a \$5 million Self-Insured Retention per occurrence. The Excess Workers' Compensation program has a coverage limit of \$10 million per occurrence and Self-Insurance Retention of \$750,000. The last program is the Public Officials Liability and Employment Practice Limited, which has a \$5 million limit and a \$250k Self-Insurance Retention.

The Excess Liability program is still in negotiations. It's a difficult market this year across all industry segments, including transportation and transit so staff budgeted an 8% increase. It could be as high as 15%. This is a quota share program that involves a number of insurance markets including domestic, London and Bermuda markets. They expect to have the final results prior to the full Board meeting August 20th. The Excess WC policy renewal negotiations are complete. The expiring premium was \$260,806. The existing carrier, Safety National agreed to a flat rate renewal. Payroll is up slightly so the renewal premium is \$261,193, which is an increase of only \$387, which is \$20,086 or 7% under budget. The Public Officials/Employment Practices Liability Renewal negotiations is complete. This program provides liability protection to directors and officers as well as GCRTA for alleged wrongful acts by D&Os, committee members or employees. The policy also provides insurance coverage for employment practice claims (e.g. discrimination, sexual harassment, wrongful termination).

The incumbent carrier is AIG (National Union). The expiring premium is \$82,633. The renewal premium is \$84,990, which is an increase of \$2,357, which is \$8,281 or 8% under budget. There is an option to add a new excess insurer to the program. They would keep the \$5 M limit, but it would be composed of two carriers, which they are currently evaluating. It won't come in higher than what is being presented. Since this program is under \$100K, it will not be included in the board resolution presented August 20.

Internal Audit Quarterly Report

Tony Garofoli, director of internal audit, made the presentation. On pages 3-4 is the Internal Audit 2019 plan that was passed by the Board this February. Projects completed are on pages 5-6. They include employee travel and expense account reimbursement, a bus contract of 25 CNG coaches arriving in 2020, fare media inventory and Tower City Customer Service Center (opening in a few weeks). They are working with the TC managers and have completed a security access review and looking to implement a point of sale system and count of inventory. They worked closely with the State Auditor providing them analysis to minimize duplication of efforts and to maximize risk coverage. There are no red flags to report for completed projects.

Continuous Auditing is the use of technology and programmed audit scripts to perform and evaluate 100% of the electronic transactions of real time basis or near time basis in their computer systems. Ongoing projects include customer fare collections, to ensure the money is being collected, deposited and posted to the general ledger and procurement card transactions to stay in policy compliance. No red flags to report. There are 15 projects in progress on pages 9-13. A report will be issued after they meet with management. Special request and emerging issues are on pages 14-20. This includes updates on insurance claims. Eleven investigations are in progress. Once complete, they will report to the Board. External audit coordination is on page 21. The 2018 CAFR and financial Single Audit was released July 9. The report was presented to the Board in executive session in June. The FTA will be performing their Triennial Review the first week of September after Labor Day.

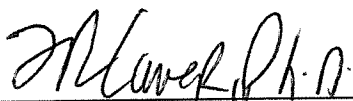
The remainder of the report includes the status of outstanding follow-up. There are two key staff people who left the department this year. They are looking to fill those positions. Mr. Bibb asked what happened to the staff members who left. Tony said that both employees left for other opportunities. One was promoted internally. Mayor Welo asked who is over the computerized fare ordering system. Tony said the Accounting department under John Togher oversees the computer system or enterprise-wide Oracle system that maintains the inventory of every serialized ticket in the system. Scott Uhas, revenue director, maintains the physical tickets in secured vaults throughout the Authority.

Executive Session Requested

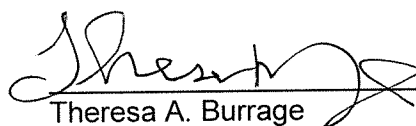
10:36 a.m. - Ms. Moss asked for a motion go into executive session to consider the sale of GCRTA property. Mayor Clough asked if the motion could include the item to consider the compensation of a public employee or official. It was moved by Mayor Welo, seconded by Chief McCall. There were four (4) ayes and none opposed.

11:12 a.m. – Ms. Moss asked for a motion to come out of executive session. It was moved by Mayor Welo, seconded by Chief McCall. There were four (4) ayes and none opposed.

Ms. Moss adjourned the meeting at 11:12 a.m.



Floun'say R. Caver, Ph.D., Interim CEO
General Manager/Secretary/Treasurer



Theresa A. Burrage
Executive Secretary