

SORTA FINANCE COMMITTEE MEETING

TUESDAY, JANUARY 14TH, 2020 - 8:30 A.M.
SORTA/METRO BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

General Items:

- Call to order
- Pledge of Allegiance
- Recite Mission and Vision Statement
- 1. Approval of Finance Committee Minutes: December 10th, 2019

Briefing Items

- 2. Quarterly Internal Audit Update: Q4 (**Michelle Jeng**)
- 3. Financial Reports for December 2019 (**Michelle Jeng**) *To be presented at meeting...*

Action Items

- 4. Investment of Funds Report as of December 31, 2019 (**Michelle Jeng**)
- 5. Proposed Resolution: Approval of Revenue Service Agreement with Acabay Atrium Two L.P (**Dave Etienne**)

Other Items:

Adjournment

The next regular meeting of the Finance Committee has been scheduled for **February 11th, 2020 at 8:30 a.m.**, the SORTA/Metro Board Room, 602 Main Street, Suite 1200, Cincinnati, Ohio

FINANCE COMMITTEE
TUESDAY, DECEMBER 10TH, 2019 – 8:00 A.M.
SORTA/METRO MT. ADAMS BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

COMMITTEE/BOARD MEMBERS PRESENT: Brendon Cull, Robert Harris, Roderick Hinton and Mary Miller, and Pete McLinden

COMMITTEE MEMBERS ABSENT: Heidi Black and Thaddeus Hoffmeister

STAFF MEMBERS PRESENT: Darryl Haley, Donna Adkins, Michelle Cantor, Pat Giblin, Adriene Hairston, Brandy Jones, Caprice Jones, Maria Jones, Michelle Jeng, Matt Moorman, Cindy Resor, and Shannel Satterfield

OTHERS PRESENT: Kim Schaefer (Vorys, Sater, Seymour & Pease, LLP) and Marylin Wall (Sierra Club)

1. **Call to Order**

Mr. Hinton called the meeting to order.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

3. **SORTA's Vision and Mission Statements**

SORTA's vision and mission statements were recited.

4. **Approval of Minutes of November 12th, 2019**

Mr. Hinton moved and Mr. McLinden seconded that the minutes of the November 12th meeting be approved as previously emailed.

5. **Internal Audit Report: Investments**

Representatives from Clark-Schaefer presented the Investments Internal Audit Report.

The Committee accepted the report as presented.

6. **Financial Report as of November 30th, 2019**

Ms. Jeng presented the November 2019 financial reports. Total revenues were \$8.3 million, which is favorable to budget by \$197,000. Total expenses were \$8.6 million, which is unfavorable to budget by \$239,000 or 2.4%. The final result was a net unfavorable variance of \$42,000 for the month. Fare revenue was favorable to budget by \$25,000. Ms. Jeng then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

7. **Investment of Funds as November 30th, 2019**

Ms. Jeng presented the report noting the yield for slightly decreased to 2.144% for the month of November.

8. **Proposed Motion: Approval of Legal Expenditures with for Vorys, Sater, & Pease LLC**

Ms. Jeng requested approval of a purchase order for legal services with Vorys, Sater, Seymour and Pease, LLP for the time period of January 1, 2020 through December 31, 2020 at the rates set forth in the engagement letter at a cost not to exceed \$240,000.

The Committee agreed to recommend the motion for approval to the SORTA Board.

9. **Proposed Motion: Approval of Legal Service Expenditures with Dinsmore & Shohl, LLP**

Ms. Jeng requested approval of a purchase order for legal services with Dinsmore & Shohl LLP for the time period of January 1, 2020 through December 31, 2020 at the rates set forth in the engagement letter at a cost not to exceed \$120,000.

The Committee agreed to recommend the resolution for approval to the SORTA Board.

Resolution: Approval of Membership with Ohio Transit Risk Pool (OTRP)

Ms. Jeng requested approval of membership for SORTA to join the Ohio Transit Risk Pool (OTRP) an Ohio nonprofit corporation.

The Committee agreed to recommend the resolution to the full Board and on the consent agenda.

10. **Proposed Resolution: Approval of 2020 Insurance Program**

Ms. Jeng requested approval of an eleven (11) month contract with the Ohio Transit Risk Pool (OTRP) at a cost not to exceed \$578,965 for liability insurance program covering: General Liability, Automobile Liability, Public Officials Liability, Cyber Liability and Crime and a one (1) year contract with Safety National Casualty Corporation for excess workers compensation insurance for the period of January 1, 2020 through December 31, 2020, at a cost not to exceed \$100,350.

The Committee agreed to recommend the resolution to the full Board and on the consent agenda.

11. **Proposed Resolution: Approval of Fuel Hedging Advisory Services Contract**

Ms. Jeng requested approval of a five (5) year contract with Linwood Capital at a price not to exceed \$168,000 for fuel price risk management services in support of SORTA's EFPS.

The Committee agreed to recommend the resolution to the full Board and on the consent agenda.

12. **Proposed Resolution: Approval of Service Contract with Butler County**

Ms. Jeng requested approval of a one (1) year contract with Butler County for route service at a total contract value of \$608,510, for the period January 1, 2020 through December 31, 2020.

The Committee agreed to recommend the resolution to the full Board and on the consent agenda.

13. **Proposed Resolution: Approval of Service Contract with Clermont County**

Ms. Jeng requested approval of a one (1) year contract with Clermont County for route service at a total contract value of \$543,596, for the period January 1, 2020 through December 31, 2020.

The Committee agreed to recommend the resolution to the full Board and on the consent agenda.

14. **Proposed Resolution: Approval of Service Contract with Warren County**

Ms. Jeng requested approval of a one (1) year contract with Warren County for route service at a total contract value of \$400,351, for the period January 1, 2020 through December 31, 2020.

The Committee agreed to recommend the resolution to the full Board and on the consent agenda.

New Business

The next regular meeting of the Finance Committee has been scheduled for Tuesday, January 14, 2020 at 8:30 A.M.

15. **Adjournment**

The meeting adjourned at 8:30 A.M.

January 2020

BRIEFING ACTION – QUARTERLY INTERNAL AUDIT SUMMARY UPDATE

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

This is a briefing item. No action is required at this time.

BUSINESS PURPOSE

- Internal audits are conducted by Clark Schaefer on SORTA's behalf
- All findings are followed up on to assure compliance with the recommendations
- A quarterly report updating the Finance Committee is attached

SUBMITTED BY:



Michelle Jeng
Interim CFO

AUDIT REPORT FINDINGS

This summary is provided as an overview of both internal and external audit work performed covering the period of 2016-2019 to date that have items not completed. The intent of this report is to provide Management and Board members with an executive level review of the key findings, audit recommendations, as well as a summary of Management's response to the findings.

The status of these findings is color coded to the following scale:

| |
|---|
| Management has communicated that the finding has been remediated. |
| Management provided an expected date for remediation of the finding and that date has not yet arrived or has been legitimately extended due to needs of the business. |
| Management provided an expected date for remediation of the finding and that date has passed without remediation occurring or no remediation plan currently exists. |

| No. | Date | Audit Team | Audit | Finding | Observation | Recommendation | Management Response | Owner | Status |
|-----|-----------|----------------|-----------------|---|--|---|---|-------------------------|---|
| 1 | Dec. 2017 | Clark Schaefer | Human Resources | Lack of succession planning for key roles | SORTA does not have formally documented succession planning for key roles. | Establish a formal written succession plan for key roles. | HR will design and implement an annual Talent Management/ Succession Planning process for key roles by December 2018. | <i>Adriene Hairston</i> | <i>Jan. 2020 UPDATE The Talent Management and Succession Planning process is in the design phase and will be implemented in Q4 2020.</i> |
| 2 | Dec. 2017 | Clark Schaefer | Human Resources | Bargaining unit employees do not receive key company policies | SORTA does not currently provide the administrative employee handbook to bargaining unit employees. | Provide all bargaining unit employees the administrative employee handbook and require a signed acknowledgement. | HR will create an employee handbook for bargaining unit employees by December 2018. | <i>Adriene Hairston</i> | <i>Jan. 2020 UPDATE Handbooks for both Administrative and Bargaining unit employees are in final draft and are expected to be ready for roll-out Q4 2020.</i> |
| 3 | Nov. 2018 | Clark Schaefer | Storeroom | Physical Storeroom Access | Badge access to the storeroom is not limited to employees with a business purpose. At Bond Hill it was noted a lock on an interior door leading to the storeroom did not | Ensure storeroom assets are safeguarded through appropriate badge access and operating locks. Individuals without a business purpose should not be granted badge access to the storeroom. The | SORTA has engaged multiple function groups to determine appropriate policies and procedures that address facility access to high risk areas. In addition, the Inventory Manager will perform a quarterly review of reports to ensure | <i>Mary Moning</i> | <i>Jan. 2020 UPDATE All tasks have been completed with the exception of a new AMAG system in early 2020.</i> |

AUDIT REPORT FINDINGS

| | | | | | | | | | |
|---|------------|----------------|-------------------------------|---|---|---|--|--------------------|--|
| | | | | | remain secured if pressure as applied to the handle. | badge access process should be reviewed. | appropriate access is in place. A request form will be developed and provided to all managers to be completed during the onboarding process of new employees. All to be completed by 3/31/19. | | |
| 4 | April 2019 | Clark Schaefer | Vendor Management | Documenting Monitoring Activities | There is no formalized documentation of monitoring activities performed by SORTA to ensure contract terms and responsibilities are being met by the vendor. | Inspections performed for monitoring activities should be tracked and documented to provide an audit trail for future use. | SORTA will develop a process to document all required contract deliverables to include changes to work scopes, quantity or quality of goods, or timeline within which deliverables are required. Development and implementation of this process by 7/31/19. | <i>Mary Moning</i> | <i>Jan. 2020 UPDATE Due to turnover within the department, development and implementation of this process has been delayed and is expected to be completed by June 2020.</i> |
| 5 | April 2019 | Clark Schaefer | Vendor Management | Remediation Process for Non-Compliant Vendors | There is not a consistent process for addressing vendors not in compliance with the original contract terms. These issues are handled at the Project Manager level and then escalated to the procurement department if warranted. | Introduce procedures and policies surrounding the issues process. This would allow Project Managers to have direction in handling the various types of issues arising from a lack of compliance from vendors. | SORTA will develop a policy that requires project managers to escalate issues of noncompliance to the Procurement Department for formal procurement mitigation. These procedures will include formal notification to the vendor, instructions for actions required, and consequences for failure to cure. This will be complete by 7/31/19. | <i>Mary Moning</i> | <i>Jan. 2020 UPDATE Due to turnover within the department, development and implementation of this process has been delayed and is expected to be completed by June 2020.</i> |
| 6 | June 2019 | Clark Schaefer | Attendance and Leave Policies | Vault Puller Attendance Policies | Vault pullers do not have an existing attendance policy. | Ensure all employees are subject to written attendance requirements. HR and Operations should jointly create policies for any group of | HR will partner with Operations to develop a Vault Puller Attendance Policy by 8/31/19. | <i>Hairston</i> | <i>Jan. 2020 UPDATE HR and Ops will work to create a Vault Puller Attendance Policy for implementation no later than Q4 2020.</i> |

AUDIT REPORT FINDINGS

| | | | | | | | | | |
|---|-----------|----------------|-------------------------------|------------------------|--|---|--|------------------------|---|
| | | | | | | employees not currently subject to them. | | | |
| 7 | June 2019 | Clark Schaefer | Attendance and Leave Policies | Written Policy Reviews | There is not a review schedule for employee attendance and leave policies. | All written policies should be reviewed and updated on a regular basis to ensure current practices, controls, and employee roles and responsibilities are documented. | HR will ensure any legal updates are incorporated into policies on an annual basis. HR will conduct a comprehensive review of all policies every three years. | <i>Hairston</i> | <i>Jan. 2020 UPDATE HR will draft a SOP for its ongoing policy review processes and timelines no later than Q4 2019. Completed</i> |

January 2020

BRIEFING ITEM – MONTHLY FINANCIAL REPORTS – AS OF DECEMBER 31, 2019

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

This is a briefing item. No action is required at this time.

BUSINESS PURPOSE

- As part of the monthly closing of the general ledger, the Accounting Department prepares various financial reports.
- One of the key reports is the Statement of Revenues and Expenses, also known as an Income Statement.
- This report gives summary information about how actual SORTA revenues and expenses in the newly closed month (as well as calendar year-to-date) compare with budgeted and prior year values.
- A separate Executive Summary is also prepared to give narrative descriptions behind key favorable and unfavorable actual results compared with budget values.
- Attached are Monthly Financial Reports for SORTA and the Connector as of December 31, 2019.

SUBMITTED BY:



Michelle Jeng
Interim CFO/Sr. Vice-President, Finance



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
Monthly Financial Report
Executive Summary
December 2019

SORTA's financial report for the month ending December 31, 2019 is attached.

- Total Revenue of \$8.4 million was favorable to budget by \$357,000 or 4.4%.
- Total Expense of \$8.4 million was favorable to budget by \$41,000 or 0.5%;
 - Operations expense of \$7.1 million was 84.7% of revenue; and
 - Selling, General & Administrative (SG&A) expense of \$1.2 million was 14.3% of revenue.
 - Depreciation expense of \$1.3 million was incurred but not included in the budgeted expense figures.
- Result was a favorable variance before reserves and prior year surplus of \$81,000 in the month of December.
- Budgeted reserves of \$234,000 and prior year surplus of \$82,000 were used in the month.
- The final result was a net favorable variance of \$397,000 for the month and favorable variance of \$1,086,000 year to date.
- Excluding one-time costs related to the Access transition of \$39,000, December's net favorable variance was \$439,000 for the month and favorable \$1,166,000 year to date.

Below is a summary of the most significant factors driving the results for December:

- **Fare Revenue:** Favorable to budget by \$43,000 or 3.4%. Metro fare revenue was favorable to budget by \$53,000 and resulted in a farebox recovery ratio of 16.1% which was favorable to budget by 0.7%. Higher than anticipated ridership was the primary driver for the favorable Metro fare revenue which was partially offset by lower than anticipated fare revenue per rider.
- **Non-Transportation Revenue:** Favorable to budget by \$245,000 or 135.5% primarily due to an adjustment to recognize deferred income from expired passes of \$306,000.
- **State & Other Subsidy Revenue:** Favorable to budget by \$157,000 or 60.9% primarily due to the accrued revenue from the Ohio Assistance subsidy of \$142,000 and the increase to the Reimbursement of Ohio Fuel Tax of \$32,000 as a result of the higher fuel tax.
- **Employee Wages:** Wages from Operations were unfavorable to budget by \$(64,000) or (1.9%) primarily due to unfavorable street service supervisor wages of \$(32,000), hourly building maintenance wages of \$(15,000) and Access wages of \$(12,000). SG&A wages were unfavorable to budget by \$(15,000) or (2.6%).
- **Employee Benefits:** Benefits from Operations were favorable to budget by \$182,000 or 9.6% due to a favorable adjustment made to workers' compensation of \$159,000 plus favorable sick and vacation expense of \$64,000. Benefits from SG&A were favorable \$12,000 to budget or 5.2% primarily due to the workers compensation adjustment which was favorable \$28,000, some of which was offset by higher benefits as a result of unfavorable wages.
- **Services:** Services from Operations were unfavorable \$(115,000) or (93.4%) primarily due to unfavorable outsourced building maintenance services of \$(130,000). SG&A services were unfavorable by \$(58,000) primarily due to unfavorable legal expense of \$(17,000) and audit expense of \$(10,000)
- **Operator Headcount:** Operator headcount was 500 at the end of December which was up 6 from 494 at the end of November and was flat to budget. Below is a comparison of actual headcount to budget by garage

| Operators | Budget | Actual | Shortage | % of Budget |
|--------------|------------|------------|----------|-------------|
| Queensgate | 300 | 301 | 1 | 0.3% |
| Bond Hill | 200 | 199 | (1) | -0.5% |
| Total | 500 | 500 | - | 0.0% |

Profit & Loss Statement

Twelve Months Ended 12/31/2019

Dollars In Thousands



| | Current Month | | | | Year To Date | | | | Prior Yr | | | | |
|--|------------------|----------------|----------------------|---------------|-------------------|-------------------|----------------------|---------------|-------------------|---------------|------------------|---------------|------------------|
| | Actual | Budget | Variance Fav/(Unfav) | | Actual | Budget | Variance Fav/(Unfav) | | Actual | | | | |
| Fixed Route Ridership | 1,027,712 | 925,465 | 102,247 | 11.0% | 13,244,947 | 13,150,087 | 94,860 | 0.7% | 13,750,630 | | | | |
| Access Ridership | 17,153 | 18,868 | (1,715) | (9.1%) | 226,683 | 234,483 | (7,800) | (3.3%) | 231,099 | | | | |
| Total Ridership | 1,044,865 | 944,333 | 100,532 | 10.6% | 13,471,630 | 13,384,570 | 87,060 | 0.7% | 13,981,729 | | | | |
| Farebox Recovery Ratio (1) | 16.1% | 15.3% | 0.7% | | 17.7% | 17.9% | (0.2%) | | 19.4% | | | | |
| | Dollars | % Rev | Dollars | % Rev | \$ | % | Dollars | % Rev | Dollars | % Rev | \$ | % | \$ |
| Revenue | | | | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | | | |
| Fares | | | | | | | | | | | | | |
| Metro Fares (2) | \$ 1,251 | 14.8% | \$ 1,197 | 14.8% | \$ 53.4 | 4.5% | \$ 17,166 | 17.0% | \$16,614 | 17.3% | \$ 551.8 | 3.3% | \$ 17,919 |
| Access Fares | 68 | 0.8% | 79 | 1.0% | (10.1) | (12.9%) | 934 | 0.9% | 976 | 1.0% | (41.9) | (4.3%) | 953 |
| Total Fares | 1,319 | 15.6% | 1,276 | 15.8% | 43.3 | 3.4% | 18,100 | 17.9% | 17,590 | 18.3% | 510.0 | 2.9% | 18,873 |
| CPS Contract Revenue | 610 | 7.2% | 699 | 8.6% | (88.6) | (12.7%) | 7,531 | 7.4% | 8,205 | 8.5% | (674.4) | (8.2%) | 8,255 |
| Non-Transportation Revenue (3) | 425 | 5.0% | 180 | 2.2% | 244.5 | 135.5% | 2,997 | 3.0% | 2,069 | 2.2% | 928.4 | 44.9% | 1,892 |
| Subtotal Operating Revenue | 2,354 | 27.9% | 2,155 | 26.7% | 199.1 | 9.2% | 28,628 | 28.3% | 27,864 | 29.0% | 763.9 | 2.7% | 29,020 |
| Subsidy Revenue | | | | | | | | | | | | | |
| Transit Fund Receipts | 4,266 | 50.6% | 4,266 | 52.8% | 0.0 | 0.0% | 56,019 | 55.3% | 53,019 | 55.1% | 3,000.0 | 5.7% | 56,433 |
| Federal Cash Grants | 1,399 | 16.6% | 1,399 | 17.3% | (0.5) | (0.0%) | 12,620 | 12.5% | 12,281 | 12.8% | 339.4 | 2.8% | 11,596 |
| State & Other Subsidy Revenue (4) | 415 | 4.9% | 258 | 3.2% | 156.9 | 60.9% | 3,998 | 3.9% | 3,029 | 3.1% | 968.8 | 32.0% | 2,934 |
| Subtotal Subsidy Revenue | 6,080 | 72.1% | 5,923 | 73.3% | 156.4 | 2.6% | 72,637 | 71.7% | 68,328 | 71.0% | 4,308.2 | 6.3% | 70,962 |
| Total Revenue | 8,434 | 100.0% | 8,078 | 100.0% | 355.6 | 4.4% | 101,265 | 100.0% | 96,193 | 100.0% | 5,072.1 | 5.3% | 99,982 |
| Cost of Operations | | | | | | | | | | | | | |
| Wages | 3,439 | 40.8% | 3,375 | 41.8% | (63.6) | (1.9%) | 41,227 | 40.7% | 40,582 | 42.2% | (644.9) | (1.6%) | 39,874 |
| Employee Benefits | 1,710 | 20.3% | 1,892 | 23.4% | 182.3 | 9.6% | 22,683 | 22.4% | 22,697 | 23.6% | 14.7 | 0.1% | 21,914 |
| Fuel & Lubricants | 483 | 5.7% | 512 | 6.3% | 29.0 | 5.7% | 5,649 | 5.6% | 5,619 | 5.8% | (30.8) | (0.5%) | 5,732 |
| Parts & Supplies | 433 | 5.1% | 464 | 5.7% | 31.2 | 6.7% | 5,782 | 5.7% | 5,575 | 5.8% | (207.6) | (3.7%) | 5,948 |
| Purchased Transportation | 567 | 6.7% | 585 | 7.2% | 18.5 | 3.2% | 7,089 | 7.0% | 7,136 | 7.4% | 47.4 | 0.7% | 6,830 |
| Services | 239 | 2.8% | 123 | 1.5% | (115.2) | (93.4%) | 1,438 | 1.4% | 1,501 | 1.6% | 62.8 | 4.2% | 1,526 |
| Utilities | 132 | 1.6% | 114 | 1.4% | (18.5) | (16.3%) | 1,033 | 1.0% | 948 | 1.0% | (85.2) | (9.0%) | 888 |
| Casualty & Liability | 29 | 0.3% | 90 | 1.1% | 61.3 | 68.1% | 3,990 | 3.9% | 1,081 | 1.1% | (2,908.7) | (269.1%) | 1,682 |
| Taxes & Leases | 105 | 1.3% | 67 | 0.8% | (38.4) | (57.4%) | 1,101 | 1.1% | 827 | 0.9% | (273.8) | (33.1%) | 874 |
| Other (5) | 8 | 0.1% | 7 | 0.1% | (1.4) | (19.8%) | 68 | 0.1% | 86 | 0.1% | 17.2 | 20.2% | 87 |
| Total Cost of Operations (6) | 7,144 | 84.7% | 7,230 | 89.5% | 85.1 | 1.2% | 90,060 | 88.9% | 86,051 | 89.5% | (4,009.0) | (4.7%) | 85,356 |
| Selling, General & Administrative | | | | | | | | | | | | | |
| Wages | 578 | 6.8% | 563 | 7.0% | (14.7) | (2.6%) | 6,374 | 6.3% | 6,488 | 6.7% | 114.8 | 1.8% | 6,272 |
| Employee Benefits | 218 | 2.6% | 230 | 2.8% | 12.0 | 5.2% | 2,577 | 2.5% | 2,723 | 2.8% | 146.2 | 5.4% | 2,579 |
| Parts & Supplies | 25 | 0.3% | 29 | 0.4% | 4.3 | 14.7% | 322 | 0.3% | 307 | 0.3% | (14.3) | (4.7%) | 256 |
| Services | 308 | 3.7% | 250 | 3.1% | (58.1) | (23.2%) | 3,190 | 3.1% | 3,145 | 3.3% | (45.0) | (1.4%) | 3,532 |
| Utilities | 12 | 0.1% | 15 | 0.2% | 3.4 | 22.4% | 194 | 0.2% | 182 | 0.2% | (12.4) | (6.8%) | 188 |
| Taxes & Leases | 15 | 0.2% | 61 | 0.8% | 46.1 | 75.4% | 511 | 0.5% | 740 | 0.8% | 229.3 | 31.0% | 458 |
| Other (5) | 52 | 0.6% | 15 | 0.2% | (36.9) | (244.3%) | 864 | 0.9% | 468 | 0.5% | (396.1) | (84.6%) | 633 |
| Total SG&A (6) | 1,208 | 14.3% | 1,164 | 14.4% | (43.9) | (3.8%) | 14,031 | 13.9% | 14,053 | 14.6% | 22.4 | 0.2% | 13,920 |
| Total Expenses | 8,352 | 99.0% | 8,393 | 103.9% | 41.2 | 0.5% | 104,091 | 102.8% | 100,104 | 104.1% | (3,986.6) | (4.0%) | 99,275 |
| Use of Prior Year Reserves | 234 | 2.8% | 234 | 2.9% | 0.0 | 0.0% | 2,884 | 2.8% | 2,884 | 3.0% | 0.0 | 0.0% | 295 |
| Use of Prior Year Surplus | 82 | 1.0% | 82 | 1.0% | 0.0 | 0.0% | 1,027 | 1.0% | 1,027 | 1.1% | 0.0 | 0.0% | 0 |
| Surplus (Deficit) | \$ 397 | 4.7% | \$ - | 0.0% | \$ 396.8 | | \$ 1,086 | 1.1% | \$ - | 0.0% | \$ 1,086 | | \$ 1,001 |
| Depreciation Expense | \$ 1,313 | 15.6% | | | | | \$ 15,837 | 15.6% | | | | | \$ 15,251 |

Notes:

- (1) Farebox Recovery Ratio = Metro Fares Revenue / (Total Expenses less Purchased Transportation Expense and \$3.0 M Claims Exp as a result of receipt of funds from City); Full Year Budgeted Farebox Recovery Ratio is 19.1%
- (2) Metro Fare Revenue includes Regular Fares & Passes, Fare Deal, and Special Program Fares
- (3) Non-Transportation revenues include advertising, investment income, parking revenue, warranty recoveries & fee SORTA receives from the City to manage the streetcar.
- (4) Other Subsidy Revenue includes county contracts, and payments from 5/3 Bank, Duke Energy, UC and Cincinnati State.
- (5) Other includes advertising, training, dues and subscriptions, travel and incentive fares.
- (6) Full year 2019 Budget: Operating Expense @ 85.1% of Revenue & SG&A @ 14.9% of Revenue.

January 2020

ACTION ITEM – INVESTMENT OF FUNDS REPORT – AS OF DECEMBER 31, 2019

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

This item requires Finance Committee approval.

BUSINESS PURPOSE

- Ohio Revised Code Section 135.14 states, "Whenever, during a period of designation, the treasurer classifies public moneys as interim moneys, he shall notify the governing board of such action. Such notification shall be given within thirty days after such classification . . ."
- This report is prepared by the Treasury department at the end of each month.
- The report provides a summary of overnight and long-term investment balances, as well as interest rates, purchase dates and maturity dates.
- In addition, it provides a weighted interest rate yield by investment type.
- Attached is SORTA's Investment of Funds Report as of December 31, 2019.

SUBMITTED BY:



Michelle Jeng
Interim CFO/Sr. Vice President, Finance



Investment of Funds Report
Dec-19

| | Principal Amount | Maturity Date | Purchase Date | 12/31/2019 Yield | Sec Days | Days to Maturity |
|--|------------------------------|------------------|------------------|---------------------------------------|-------------|---------------------|
| <u>Overnight Investments</u> | | | | | | |
| STAR Ohio | \$ 16,393,690 | | | 1.850% | | |
| Fifth Third Bank Concentration Account | \$ 90,156 | | | 0.100% | | |
| Subtotal Overnight Investments / Average Rate | <u>\$ 16,483,846</u> | | | 1.840% | | |
| <u>Securities & CD's</u> | | | | | | |
| R.J. O'Brien (Hedging): | | | | | | |
| U.S. Treasury Note | \$ 325,294 | 10/15/20 | 10/31/19 | 1.604% | 350 | 289 |
| Fifth Third Bank Custody Account: | | | | | | |
| Commercial Paper | \$ 311,801 | 03/17/20 | 09/18/19 | 2.041% | 181 | 77 |
| Commercial Paper | \$ 975,370 | 03/26/20 | 12/27/19 | 1.899% | 90 | 86 |
| Commercial Paper | \$ 470,292 | 04/08/20 | 10/08/19 | 1.969% | 183 | 99 |
| Commercial Paper | \$ 423,992 | 07/31/20 | 11/05/19 | 1.896% | 269 | 213 |
| Commercial Paper | \$ 266,309 | 08/28/20 | 12/06/19 | 1.876% | 266 | 241 |
| TriState Capital: | | | | | | |
| CD | \$ 1,000,000 | 01/02/20 | 01/03/19 | 2.850% | 364 | 2 |
| CD | \$ 2,000,000 | 05/28/20 | 05/30/19 | 2.500% | 364 | 149 |
| Subtotal Securities & CD's / Weighted Yield / Maturity | <u>\$ 5,773,057</u> | | | 2.267% | 281 | 122 |
| Total All Securities (12/31/2019) / Weighted Yield / Maturity | <u><u>\$ 22,256,903</u></u> | | | 1.951% | | 32 |
| Total All Securities (11/30/2019) / Weighted Yield / Maturity | <u><u>\$ 27,532,577</u></u> | | | 2.144% | | 29 |
| Funds provided by (required for) Operations during December | <u>\$ (5,173,985)</u> | | | Monthly Investment Income | \$ 43,335 | |
| Funds provided by (required for) Capital during December | <u>\$ (101,689)</u> | | | Year to Date Investment Income | \$ 754,376 | |
| Change in Cash during DECEMBER 2019 | <u><u>\$ (5,275,674)</u></u> | | | | | |
| Total All Securities (12/31/2018) | <u><u>\$ 35,838,759</u></u> | | | | | |

Reviewed and Approved by:

Michelle Jeng
Michelle Jeng
Interim CFO

BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 2020-xx

APPROVAL OF REVENUE SERVICE AGREEMENT WITH ACABAY ATRIUM TWO L.P

WHEREAS:

1. In December of 2000, SORTA began operating Route 85 to connect downtown (Fourth Street) with riverfront parking facilities.
2. In 2012, SORTA negotiated a contract with Asset Ohio Fourth St., LLC to provide passes for the employees, agents, and contractors of tenants and/or occupants of Atrium One to ride the Route 85 Parking Shuttle “free” upon presenting a valid monthly pass.
3. In 2018, the building was purchased by Acaby Inc. Recently, a new funding agreement was negotiated with Acabay at an annual cost of \$39,000 for one-hundred and ninety-five (195) passes during the period of January 1, 2020 through December 31, 2020.
4. SORTA staff recommends an agreement between SORTA and Acabay Atrium Two L.P from January 1, 2020 through December 31, 2020, at an estimated revenue value of \$39,000.

THEREFORE, BE IT RESOLVED:

5. The Board hereby approves the agreement with Acabay Atrium Two L.P and authorizes the CEO/General Manager/Secretary-Treasurer CFO to execute such an agreement on behalf of SORTA.

January 2020

**ACTION ITEM- APPROVAL OF REVENUE SERVICE AGREEMENT WITH ACABAY ATRIUM
TWO L.P**

STRATEGIC PLAN GOAL/OBJECTIVE

- Operational Excellence
- Strategic Partnering

RECOMMENDATION

Approval of a resolution authorizing the CEO/General Manager/ Secretary-Treasurer or the Interim CFO to execute a one (1) year agreement with Acabay Atrium Two L.P on behalf of SORTA for a total revenue agreement of \$39,000.

FINANCIAL CONSIDERATIONS

- Since August 1, 2012, SORTA and CVG Partners II, LLC have participated in an agreement whereby CVG Partners II, LLC subsidizes free rides for employees, agents and contractors of tenants and occupants of Atrium One. Each year, the agreement has been modified to extend the term for an additional year.
- The current agreement expired December 31, 2019. Atrium One is now under new ownership/management and the new agreement will begin January 1, 2020 and end December 31, 2020. Acabay Atrium Two L.P. will receive 195 bus passes for distribution to tenants who have requested them. The passes are good for unlimited rides on the Rt. 85 Parking Shuttle, which operates week days only connecting riverfront parking lots to businesses and buildings along the Fourth Street corridor.

BUSINESS PURPOSE

- The agreement with Acabay Atrium Two L.P. to subsidize discounted rides for employees, agents and contractors of tenants and occupants of Atrium One states:
 1. Adcabay Atrium Two L.P. will pay SORTA \$39,000 to provide 195 smart cards to all eligible employees, agents and contractors of tenants and occupants of Atrium One valid for free rides on the Rt. 85 Riverfront Parking Shuttle only.
 2. The smart card allows eligible employees, agents and contractors of tenants and occupants of Atrium One free unlimited rides on Rt. 85 only. No transfers may be purchased or given.

3. Throughout the year, Acabay Atrium Two L.P. will provide Metro staff with serial numbers of cards to be deactivated (blacklisted) for employees, agents and contractors of tenants and occupants of Atrium One who, through separation, are no longer eligible participants.

PROCUREMENT CONSIDERATIONS

- This is a one-year agreement.

D/M/WBE CONSIDERATIONS

- N/A

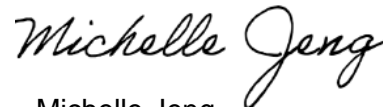
LEGAL CONSIDERATIONS

- N/A

SUBMITTED BY:



Dave Etienne
Director of Marketing & Communications



Michelle Jeng
Interim CFO

Atrium One Bus Pass Agreement

This agreement ("Agreement") is made as of this _____ day of _____, 2020 by and between the **Southwest Ohio Regional Transit Authority** ("SORTA") and the **Acabay Atrium One L.P.** ("Acabay"), each a "Party" (and collectively, the "Parties") relating to 195 Atrium One tenants to ride SORTA Route 85 at a discounted rate.

In accordance with the terms of this Agreement, Acabay and SORTA wish to offer 195 eligible employees, agents and contractors of tenants and occupants of Atrium One free rides on Route 85 and agree as follows:

- I. **Term.** This Agreement shall be effective during January 1, 2020 – December 31, 2020.
- II. **Fares.** 195 Atrium One tenants will pay a \$0 fare when swiping a valid Atrium One Tenant Employee Annual Route 85 Bus Pass each time they ride the Route 85.
- III. **Fare increases.** In the event that SORTA implements a fare increase during the term of this Agreement, the Fares in Section II above and the Compensation in Section VI below will remain unchanged during such term.
- IV. **Bus Fare Card.** All 195 employees, agents and contractors of tenants and occupants of Atrium One must obtain a valid Metro-issued Atrium One Tenant Employee Annual Route 85 Bus Pass. 195 Bus passes will be internally distributed by Acabay Atrium One L.P. personnel.
- V. **Schedule.** The Route does not operate on weekends or major holidays, which are defined as: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.
- VI. **Payment Terms and Payment Schedule.** The funding amount due to SORTA/Metro for this Agreement, January 1, 2020 through December 31, 2020, is \$39,000. The Cost of Service due for this term shall be invoiced by SORTA/Metro by January 31, 2020 and shall be due and payable by Acabay Atrium One L.P. by February 28, 2020.

Any Cost of Service for subsequent years under this Agreement shall be paid in similar manner unless otherwise mutually agreed to by the parties in writing.

Acabay Atrium One L.P.

Signed: _____

Printed Name: _____

Title: _____

Date: _____

Richard D. Purcell
Richard D. Purcell
Director, Property Mgt.
1/13/2020

Southwest Ohio Regional Transit Authority

Signed: _____

Printed Name: _____

Title: _____

Date: _____