

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF Monday, June 30, 2008 MEETING

Board Members Present: Robert Batting, Chairperson; John Rupp, Vice-Chair; Edward Field; William Kennedy; Rochelle Bates Lee and DOT Director Michael Lewis.

Absent: Thomas Deller and John MacDonald

Also Present: Alfred J. Moscola (General Manager); Lori Caron Silveira (Outside General Counsel); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien; Ellen Mandly, and other members of RIPTA's senior staff and members of the public whose names are listed on the meeting sign-in sheet.

Mr. Batting called the meeting to order noting that John Rupp had not yet arrived and stated that this meeting is a continuation of the regularly scheduled Board meeting held Monday, June 16, 2008. He added that if any Director had issues with the dates and/or times of regularly scheduled Board meetings and wished to suggest a time or day that would better coincide with their schedules they should feel free to bring that up. Currently the meetings are held on the third Monday of the month at noon and according to the official schedule

there is no meeting scheduled for August. Mr. Batting suggested the schedule be changed and a meeting scheduled for August at an appropriate date and time that works for the Board.

Next Mr. Batting welcomed two new Board members, Ms. Rochelle Lee and Director Lewis of the Department of Transportation whose appointments were both confirmed by the senate.

Mr. Batting said he received a note at the start of the session asking that he summarize some of the key issues discussed at the June 16th meeting in order to put tonight's session in context.

Mr. Batting brought up the March meeting RIPTA attended with the House Finance Committee, and at that time RIPTA had a balanced budget and an anticipated surplus for FY 2008 of \$567,000. Since that time many things have changed (Mr. Batting acknowledges Mr. Rupp's arrival at the meeting and Mr. Rupp apologizes for his lateness) such as gas tax revenue receipts, the price of fuel and other issues, which have caused the balanced FY 2008 budget to now have a deficit. Mr. Batting continued that the last deficit figure he reviewed indicated an anticipated deficit of \$1.8 million for the year ending June 30, 2008.

Mr. Batting continued that the largest single source of revenue in the FY 2009 plan comes from the gas tax receipts which are anticipated to be approximately \$34 million. He stated that gas tax revenue

receipts have declined in the past months creating problems in a number of areas at a number of agencies, including RIPTA.

He then raised the subject of the Rlte Care transportation program, which previously accounted for \$14.5 million of RIPTA's revenue. However, the Office of the Inspector General in an audit report to the State of Rhode Island ordered a change to this program.

Mr. Batting said based upon conversations with Adelita Orefice and others at the Department of Human Services (DHS), a new formula will be used to determine Rlte Care transportation eligibility, and RIPTA who previously received \$14.5 million annually will now receive about \$10 million annually. Mr. Batting was told that DHS will "fill the hole" but he was not given specifics on the amounts or where the money would come from.

He recapped the discussion at the last meeting regarding the gas tax revenues as to whether the estimates were overstated, and said he'd spoken with individuals in the DOT Planning Department, and now has a better understanding of the issue. He suggested RIPTA staff watch the gas tax revenue receipts monthly.

Mr. Batting again raised the subject of the Rlte Care transportation program, which is reported as approximately 40% of RIPTA's total ridership. He continued that the figure is based on the number of passes disbursed, not actual riders. Mr. Batting said that with the

advances that have been made in technology RIPTA should be better able to track these figures.

Mr. Batting noticed that there were several members of the public to speak and moved ahead to the public comment section of the meeting.

Agenda Item 7: Public Comment

Mr. Batting stated he had been given a copy of a letter sent to RIPTA regarding route changes that were made by RIPTA in the past week and he had also received a half dozen calls to his home on this issue.

Mr. Batting recognized Norma Taylor a resident of President Avenue in Providence. Ms. Taylor said she had a problem because buses had been rerouted and were traveling down President Avenue, which is a tranquil, residential street. She complained to RIPTA, and the problem was quickly addressed and for this she expressed her appreciation to Mr. Moscola and RIPTA staff.

She did note that there is some concern in the neighborhood about this problem reoccurring in the future. Ms. Taylor closed by saying her appearance at today's meeting was mainly to say thank you to Mr. Moscola and RIPTA staff for acting so quickly to rectify this problem.

Mr. Batting noted that at the last meeting staff had given a presentation to the Board and received permission to conduct public hearings on contemplated changes to RIPTA routes and he wondered why staff had not held a hearing in this instance before instituting the change. Mr. Moscola responded that this was a minor change, not one significant enough to warrant a public hearing that was made by the Planning Department without his knowledge at the behest of a council member from the President Avenue area. As soon as Mr. Moscola was aware that the residents of President Avenue were unhappy with the new service, immediate actions were taken to rectify the matter. Mr. Moscola noted that Tim McCormick from RIPTA's Planning Department is attending a hearing tonight for residents to voice their concerns. Mr. Moscola finished by saying that the original intent was to enhance service and the entire incident occurred and was resolved in less than two weeks. In response to Mr. Batting's inquiry about why the change did not go through the public hearing process, Henry Kinch clarified that public hearings are not required for "minor" changes, and are only required for changes that affect the service by more than 15%. Mr. Moscola reminded the Board that minor changes of this nature take place on a regular basis.

Mr. Batting recognized another gentleman from the President Avenue neighborhood who did not give his name. The gentleman also expressed his appreciation to the General Manager for reverting back to the original service on Route 40. He said he has lived on President

Avenue for 25 years and it is a tranquil and serene neighborhood that went from no buses on the street to a bus every 20 minutes beginning at 7:00 a.m. and caused an extreme disruption to their way of life. He said he appreciates that RIPTA listened and acted so quickly.

Mr. Batting thanked the speakers for their comments and asked if there were further comments and hearing none, moved on with the Agenda. Mr. Moscola thanked the speakers and apologized again for their inconvenience.

Mr. Batting referenced the June 16/June 30 agenda and noted that at the last Board meeting the minutes had been approved, the General Manager's report had been received and the nomination and election of new JPB Board members had occurred. The Chairman noted that on the union side there is an alternate JPB member in place to stand in if one of the JPB members is absent and suggested that management should also designate an alternate member. Mr. Batting suggested that Rochelle Lee be the JPB alternate and asked for a motion. Mr. Field made a motion that Rochelle Lee be made an alternate member of the Joint Pension Board and Mr. Rupp seconded the motion. The motion passed unanimously.

Agenda Item 4 (a): Pension Discussion by David Ward, Angell Pension

Mr. Batting referenced the presentation by David Ward of Angell

Pension Group that had occurred at the June 16th meeting. Mr. Batting said that according to GASB guidelines the amount of money required to fund the pension will be shown on RIPTA's financial statements, and the new mortality tables (RP 2000) will be implemented for FY 2009 as well.

Agenda Item 4. (c): FY 2008 and FY 2009 Budget Update

Mr. Batting moved on to the FY 2008 and FY 2009 budget update. Mr. Moscola stated that originally RIPTA had a \$1.8 million deficit to be carried over from FY 2008. He continued that at the June 16th Board meeting there was a vote to update the mortality table to RP 2000 for FY 2008. He said that RIPTA paid the additional \$158,000 to switch to the RP 2000 table, which brought the deficit up to \$2 million. He continued that the change to RP 2000 for FY 2009 will cost an additional \$317,000. Mr. Batting referenced the calculations he had given Mr. Moscola on a handwritten sheet with his interpretation of the financials and asked Mr. Moscola what he believes the revenue, expenses and deficit for FY 2009 will be. Mr. Moscola responded that Mr. Batting's calculations show a \$12.6 million dollar deficit and he believes that should be increased to \$12.8 to reflect the increase caused by switching to RP 2000 in FY 2008.

Mr. Moscola informed the Board that he and RIPTA staff members attended a meeting on the previous Friday with Rosemary Gallogly in the State Budget Office. During this meeting, RIPTA was assured that

there would be no change to the RIte Care revenue for FY 2009. Ms. Gallogly said she would put this assurance in a letter, but Mr. Moscola has not yet received such.

They also discussed the gas tax yield estimates, and Mr. Moscola informed her that RIPTA's Board felt the current FY 2009 gas tax yield is too low and suggested that RIPTA use a more realistic estimate based on actual. Ms. Gallogly responded that the RIPTA Board can make their own decision relative to the gas tax yield, but cautioned that the gas tax yield set by the State is part of the Governor's budget and changing it to another number in the budget could cause controversy. Mr. Batting responded he is not interested in causing controversy, but in getting the facts and figures necessary to understand RIPTA's expenses. He said when looking at the last 4 or 5 months against the entire year it is obvious the problems have occurred in recent months. He continued that when comparing FY 2006, 2007 and 2008 it is clear that the current gas tax yield problem has just accelerated. Mr. Batting asked how much money is budgeted for revenue from the gas tax yield for FY 2009 and Mr. Moscola replied \$4,685,000 per penny, which was then reduced to \$4,630,000 per penny. Mr. Batting asked what RIPTA expected to receive in FY 2009 if RIPTA projected to receive \$34 million in FY 2008? Ms. Neira replied \$34,725,200 per Exhibit B in the FY 2008 - FY 2009 Budget Update staff summary. Mr. Batting asked what the projected gas yield would be for FY 2008 and to which she replied that based on the state's estimates, \$1 million less than what is in the

budget for FY 2008. Mr. Batting referenced the \$32,652,512 projected gas tax yield for FY 2008 on Exhibit A asked how Ms. Neira could estimate that the gas tax would go up to \$34,725,200 for FY 2009? She replied that is the yield RIPTA was provided by the May revenue estimating conference. Mr. Batting commented that it is “sheer lunacy” to believe that the gas tax yield will go up in 2009 when compared to FY 2008 and result in an additional \$2 million in revenue.

Ms. Neira repeated that this is based on information provided by the May revenue estimating conference based on discussions between House Finance, Senate Finance and the State Budget Office with economists and other forecasting professionals. Ms. Neira discussed the gas yield over the past several months and said she does not know why, but it seems to be creeping back up and she noted that DOT must have been seeing the same trend. Director Lewis declined to comment, but said he would be glad to review the gas tax issue from RIDOT’s perspective and report back to the Board. Mr. Moscola stated RIPTA would be happy to review and compare Director Lewis’ RIDOT gas tax tracking methods with RIPTA’s.

Mr. Batting asked what Mr. Moscola believes the revenue for FY 2009 will be including adjustments for gas tax and Rlte Care. Mr. Moscola responded that RIPTA does not yet have the exact numbers for Rlte Care, and Mr. Batting said he called DHS, and was given a figure of \$14,051,000, which is \$400,000 less than budgeted. Mr. Moscola reiterated that RIPTA is waiting for written confirmation from the State Budget Office, but was told that there would be no difference in Rlte

Care revenue for FY 2009. Mr. Batting asked where the money would come from to cover the Rlte Care shortfall and Ms. Neira responded from the general revenue account sitting at present in the DHS budget.

Mr. Batting again asked what total revenues would be for FY 2009 and Ms. Neira replied \$92.9 million based on all the information received from multiple sources. Mr. Batting asked what expenses would be and Ms. Neira referenced Exhibit B and replied \$98.6 million, not including the \$300,000 increase due to the change to the RP 2000 mortality table or anything for GASB 45. Mr. Batting remarked that Ms. Neira had included the additional amount for the mortality table change in the FY 2008 budget and wondered why she had not also included it in FY 2009. Ms. Neira replied that it was at the last Board meeting that a vote was taken regarding the change to RP 2000 and that this meeting was a continuation of the June 16, 2008 meeting and as such the documents everyone was referring to were those that were presented at the June 16 meeting. She said that when the \$317,000 for the change to RP 2000 is added in to the FY 2009 expenses, the total deficit reaches \$6 million for FY 2009.

Mr. Field asked if \$14 million subsidy from the State would show up under passenger revenue and asked if the federal reimbursement was guaranteed. Ms. Neira replied that the \$14 million would be reported under passenger revenue, and in terms of the federal reimbursement, about 90% of it is guaranteed and the remainder is connected to

actual expenditures. Ms. Neira said if for instance RIPTA did not make a parts purchase, the reimbursement would not be received in some cases, but most of the money is a flat reimbursement having nothing to do with what is spent. Therefore Mr. Field said if RIPTA was to cut back on parts purchases part of the federal funding would be lost, to which Ms. Neira said that would be true in some instances.

Mr. Batting continued discussing the issue of the deficit and said he wanted to look at staff entitlements, medical co-pays and pension funds and said although this issue was brought up at the last two meetings it has not been brought to a vote because it was not noticed that way on the agenda. Mr. Batting suggested that RIPTA staff look at other agencies and submit to the Board proposals of how RIPTA could best be aligned with the others, including a timetable for implementation.

Mr. Kinch asked for formal clarification on the \$2 million figure that will be rolled over into the FY 2009 budget and for clarification on the exact amount of the FY 2009 deficit because that may relate to public hearings. Mr. Batting expressed his frustration about the figures. Mr. Kinch said before going to public hearings, the numbers will be finalized, but stated it appears that all are in agreement that the deficit number for FY 2008 is \$2 million. This should be formalized with a vote before moving on to determining the deficit number for FY 2009, which should also be agreed upon and formalized with a vote. Mr.

Moscola agreed with Mr. Kinch's assessment that the deficit number for FY 2008, which will be carried into FY 2009, is \$2 million.

Mr. Batting discussed various issues and how these issues have caused the current deficit and Mr. Moscola replied that staff has simply responded to initiatives set forth by the Board, citing as an example the change to RP 2000 table which resulted in an additional expense of \$158,000 for FY 2008. Mr. Rupp expressed his concerns with the numbers citing his belief that numbers are underreported, and stated that the Board must stay on this topic and get to the bottom of the problem. He continued saying the budget deficit has gone up a half million dollars in two months and now RIPTA is facing a deficit of \$10 million for FY 2009. Mr. Rupp stated that whether gas tax revenue estimates are high is irrelevant, this is serious money and he disagrees with Mr. Kinch that it is something the Board should vote on.

Mr. Moscola continued discussing the FY 2009 budget highlighting some items that remain variable such as the gas tax revenue, Rlte Care and overtime wages. He reminded the Board that staff had already presented savings to the budget totaling \$1.4 million. Mr. Rupp asked what Mr. Moscola's confidence level in the gas tax yield is given what has transpired over the past six months and suggested some additional calculations. Mr. Batting requested that the gas tax revenue and fuel consumption be charted out in a manner similar to the way National Grid illustrates usage on monthly bills. Mr. Batting

repeated that he is not comfortable with using the state's figures for the gas tax revenue.

Ms. Lee stated her opinion that it seems as if the Board is asking staff to approach the gas tax revenue estimates in two conflicting directions. She continued that the Board needs to decide if they want staff to rely on the state's expertise and directives, or if they want them to disregard the experts and take an educated guess, and if this is the case the Board should go on record that they directed staff to disregard the state's figures. She continued by expressing concerns that such an action could cause general mutiny amongst public agencies that follow the state's protocols, with each agency making up their own numbers. She continued by stating that the state has the revenue estimating conferences for a reason, and opposes disregarding the numbers that result from such.

Ms. Lee asked Director Lewis if RIDOT planned to follow the advice of the revenue estimating committee, and Director Lewis declined comment. He did say that RIDOT also relies heavily on gas tax revenues and an accurate assessment is extremely important for budgeting, and offered to review what RIDOT is doing and share that with the RIPTA Board. Mr. Alves from RIDOT who was present in the audience interjected that the gas tax yield set by the revenue estimating committee is a budget tool, used to develop DOT's spending plan. He continued that RIDOT monitors the gas tax revenue and if revenues are down from the estimates, then it is up to

RIDOT to make up that money by adjusting expenditures. Mr. Alves stated that RIPTA is responsible for monitoring the revenue and making adjustments if revenues are down or asking the general assembly for more money. Mr. Batting reiterated that RIDOT monitors the run rates and adjusts expenses accordingly.

Mr. Kennedy said it seems to him that the Board is giving staff misdirection with the recommendation to disregard the state's figures. Director Lewis stated that all present want to see RIPTA making the best possible decisions as related to the budget. Mr. Rupp stated his position that the actual figures for the end of FY 2008 would suggest that the estimates for FY 2009 are too high. Ms. Lee said there is a baseline problem with the revenue and expenses and wondered what would happen if there were a reversal of fortunes relative to the gas tax issue which resulted in a surplus. Mr. Rupp responded that if that were to happen RIPTA would have a smaller deficit. The Board reached a consensus that this is a critical issue that bears close monitoring.

After this conversation Mr. Batting moved on to the next agenda item.

Agenda Item 5. (a): Deficit Reduction Options

Mr. Batting asked Mr. Moscola if there were additional items to discuss, and Mr. Moscola raised the matter of deficit reduction

indicating that RIPTA had previously reduced costs by \$1.9 million internally but had to adjust that to \$1.4 million because of increasing the budgeted price for fuel to \$4.50 per gallon which is a safer budget amount. He continued that fuel is averaging \$4.15 per gallon for the month of June and today's price was \$4.31. He continued that staff came up with \$1.4 million against whatever the deficit winds up at once the figure for gas tax revenue is finalized.

Mr. Moscola continued that this figure does not include options previously discussed such as raising the fares for senior/disabled passes. Ms. Lee asked if Mr. Moscola had a sense of what the impact of raising fees would be, and Mr. Moscola replied that raising senior and disabled to half fares (which requires legislation) would result in revenues of \$1.9 million annually and legislation limiting damages would result in a annual savings of \$200,000 for a total of \$2.1 million.

Mr. Moscola continued by saying letters would be mailed to the unions asking if they would defer raises, which would result in a savings of \$395,000. He said any further deficit reductions would come from service reduction.

Mr. Moscola brought up the gas tax revenue, indicating it is very important to note, without minimizing RIDOT's position in any way, that when RIDOT receives less revenue from the gas tax, it results in adjusting their yearly plan for bridge and road repair, but when RIPTA receives less gas tax revenue the only option is to reduce service which is contingent upon public hearings and associated time

frames. Director Lewis acknowledged these differences between RIPTA and RIDOT, but continued that he understands where Mr. Batting is coming from in that RIPTA must be more conservative with estimates on the front end since it is not possible to react quickly since public hearings are required for service cuts. Mr. Batting said a lot of money has been spent recently on technology to better track ridership and the only way to control spending is logistics and the proper movement of people.

Mr. Batting reiterated his request for staff to finalize deficit reduction numbers and to respond to his request for suggestions on how to reduce staff entitlements prior to the next meeting.

Ms. Lee asked if a decision had been made on Henry Kinch's question earlier in the meeting and Mr. Batting responded that Henry had asked for a motion for the Board to sign off the deficit amounts and Mr. Batting said it is up to RIPTA management to determine the budget amounts. He added that the responsibility for providing the budget and the logic behind it is up to RIPTA management and he asked Henry Kinch to restate his request. Mr. Kinch responded that at some point the numbers must be finalized. He continued that there seems to be agreement to carry the FY 2008 deficit into the 2009 budget, but before public hearings can be held the actual deficit number has to be solidified. In relation to the gas tax yield, Mr. Kinch said there are wild swings in the figures every month, sometimes as much as a half million dollars, which makes it very difficult to

forecast.

Mr. Batting noted that today is the last day of FY 2008, and asked what time tomorrow the Board could get the year end close out figures. Ms. Neira replied that May was finalized today, and the June financials will be closed out at the end of July since the June gas tax revenue is not received until July 25th.

Mr. Moscola reminded the Board of the GASB 45 issue and that if RIPTA is able to be included in the State trust, it will help RIPTA dramatically. State Budget Officer Rosemary Gallogly assured RIPTA that a “sub unit” arrangement could be worked out, and that the RIPTA actuaries will have to work out the details with the State’s actuaries. Mr. Moscola added that it has not yet been determined whether RIPTA will be required to pay a percentage, or a fixed amount, which would be preferable. Ms. Neira added that the State will not require RIPTA to fund the trust at 100% and that RIPTA will decide, beginning in FY 2009, on how to fund it. Ms. Neira then discussed various options and amounts that RIPTA may be required to contribute. Mr. Batting interjected that staff needs to provide the Board with a table illustrating what the State is doing so the Board can understand the dollar requirements to fund GASB 45 and he asked how quickly he could get such a table. Mr. Moscola responded that the state is going to put in 100% therefore if staff and the Board agree to follow the state at 100% it would cost approximately \$5 million dollars yearly to fully fund GASB 45. Mr. Moscola said that

funding at 100% would of course add to the deficit, but pointed out that RIPTA has a choice, and can fund at a level of less than 100%. Mr. Batting asked what percentage Mr. Moscola suggests, to which he replied that it is not possible to make any suggestions until the actuaries have completed their work. Mr. Batting pressed for a time for the Board could get the recommendation, and Mr. Rupp asked if the information would be available by the next Board meeting. Mr. Moscola responded that staff cannot make a commitment on a deadline, since the actuaries are compiling the information, and Mr. Rupp expressed frustration at the ambiguity of this answer. Mr. Moscola replied that the only certain number that can be given to the Board at this point is \$5 million dollars, which is the cost of funding the trust at 100%. Director Lewis asked if there was any point at which 100% funding would be required, and Mr. Moscola responded there was no such requirement. Mr. Moscola continued that if the trust is funded at less than 100%, the remainder appears on the financial statements as a liability, and that amount will increase each year. Ms. Neira said the issue is that the State's actuaries and RIPTA's actuaries use different assumptions so the State actuaries need to review RIPTA's valuation and rerun it based on the assumptions they use. Ms. Neira explained some accounting issues occurring at the state level and said it could be up to six months before the process is completed. However this does not prevent RIPTA from compiling a funding plan.

Mr. Batting requested that staff compile year-end estimates for FY

2008, and revenues/expenses and the projected deficit for FY 2009, and that he would like this to be available by the next session.

Agenda Item 6 (a): McKendall Property/Elmwood Facility

Mr. Batting moved on to the next agenda item a discussion of the McKendall Property/Elmwood Facility and he gave the Board a brief history of the acquisition of the property.

Mr. Mencarini addressed the Board and gave a history of the procurement process and said that on May 28th of this year RIPTA received five bids for the project. Currently the RIPTA procurement department is looking at the bid documents to determine responsiveness and are working with the architect to determine the same relative to the building specifications. Mr. Mencarini said the review is expected to be complete by the July Board meeting.

Mr. Batting said that three years ago the project was at \$33 million and he would like Mr. Mencarini to come back to the Board and report what has happened with the price of concrete and steel in the interim.

Mr. Moscola said there would be a full presentation to the Board at the July meeting and the escalation in pricing will be discussed but cannot be discussed at this time because it is still an open bid. Mr. Kennedy stated for the benefit of the new Board members that RIPTA received the money for construction of the new building from the federal government and the state and if RIPTA does not proceed with

construction the money will be lost. Mr. Kinch added that staff is analyzing all the costs and will report back to the board with a full presentation including any price escalation.

Agenda Item 6 (b): Ridership Update

Mr. Batting asked for a ridership update and staff said this agenda item had been covered at the last meeting. Mr. Batting agreed, but requested a report with the actual ferry ridership figures for the months of May and June to be presented at the July Board Meeting. He added that going forward he would like to see the ridership numbers for the ferry on a monthly basis as well as gross income from fares. He raised the topic of some recent cancellations and stated he would like to see the cancellation rate of the ferry. He expressed his opinion that when reviewing ridership numbers, he wanted to see such in terms of round trips, not individual trips, stating that the number reported in his opinion is twice as high as the actual since he considers one round trip one ride. Ms. Lee disagreed with Mr. Batting's opinion, and supported RIPTA's methodology for calculation suggesting that every passenger who takes a trip on the ferry does not take a round trip.

Agenda Item 6 (c): Rlte Care

Mr. Batting acknowledged that this topic had already been addressed, but reminded the Board that the Rlte Care revenue will be

approximately \$4 to \$5 million less for the year.

Agenda Item 6 (e): Fareboxes

Mr. Batting asked if there was any comment on the fareboxes and hearing no comment moved on.

Agenda Item 6 (f): Trolley Update

Mr. Moscola reported that the five CNG trolleys are being converted to diesel fuel. All parts have been ordered, pointing out that there is some lead-time required before RIPTA receives the engine, fuel tank and associated parts. Mr. Moscola said maintenance began work on the first trolley today, and the 12 CNG tanks located on the roof alone weigh 2000 lbs.

Mr. Batting gave a brief history of the CNG trolleys, the fueling problems and the decision to convert RIPTA's trolleys from CNG to diesel fuel. Mr. Batting asked when the conversion would be complete and Mr. Moscola said a lot depends on how quickly the parts are received, but hopes to have the conversion completed in the fall. He said the project has been fast-tracked, and the trolleys are already being stripped, even though the replacement parts have not yet been received. Mr. Moscola said that once the trolleys are converted they would be clean diesel including a diesel particulate filter (DPF). Director Lewis asked if we would have any CNG vehicles

remaining and Mr. Moscola responded there would not be any in Newport and 20 in Providence - fifteen trolleys that will retire next year and five 30 ft. low-floor New Flyers buses.

Agenda Item 6 (g): Real Estate

Mr. Batting moved on to the next agenda item to discuss real estate and asked if any real estate has been listed for sale. Mr. Moscola said no action has been taken and Mr. Kinch said staff must contact the federal authorities to determine how much money RIPTA would realize from the sale of any of the real estate being considered for sale. Mr. Kinch said the answers will likely not be received quickly and Mr. Moscola said staff would update the Board on this issue at the next meeting.

Agenda Item 6 (h): Service to Walmart (Coventry)

Mr. Batting asked for an update on this issue and Mr. Therrien responded that service to Walmart in Coventry would cost RIPTA \$250,000. He said Senator Raptakis wants this service so for senior citizens at Woodland Manor and Knotty Oak Manor. He continued that to introduce this service would not be cost effective, would be extremely costly, and would transport people who would not pay a fare.

Mr. Therrien said that the service would be helpful for the community

but at an awfully big expense. He said that there is a 3-mile portion of this route where no riders would be picked up. Mr. Therrien has studied this route closely and said the first step would be to try running Flex service in the area one or two trips a week, but needs to be careful not to run into the problem of opening up another ADA corridor, which could cost an additional \$150,000.

A brief discussion continued, and Mr. Therrien assured the Board that RIPTA would continue to work with Senator Raptakis on this issue. Mr. Rupp noted that this item had come up during his confirmation hearing.

Mr. Batting asked if at the next meeting staff could report back on the recently passed UPass legislation and where the funds for the service will come from and how much it will cost. Mr. Therrien said the Governor has not yet signed the legislation. Mr. Kinch added that as part of the bill some negotiation would need to take place between RIPTA and the Board of Higher Education. Mr. Batting asked the status of the ferry legislation and was told that the ferry legislation had died.

Agenda Item 4 (g): Officers' and Directors Liability Insurance

Mr. Moscola introduced Gary Primevera RIPTA's insurance broker from Starkweather and Shepley Insurance who had given a presentation to the Board at the previous meeting. Mr. Batting said

the question of whether the JPB Board members have coverage and if so what is the amount and Mr. Primavera reported at the last meeting that the Board had \$1 million in coverage.

Mr. Primavera gave some background on this issue and then passed out a chart detailing various insurance proposals quotes. The chart listed seven options from various companies with various levels of coverage and premiums. Mr. Batting noted the columns on the chart entitled D & O and public officials and asked for an explanation and Mr. Primavera said he would look into the titles further but believed it was just different companies referring to the directors by different titles. Mr. Batting noted Great American cost \$11,000 and AIG cost \$17,000 for similar coverage, and Mr. Primavera agreed but noted they had varying deductibles. Mr. Batting discussed some of the figures on the chart and said it appeared as if AIG was seeking to cut their losses. Mr. Primavera agreed saying that Great American continues to be the most competitive D & O carrier for this type of entity.

Mr. Primavera brought up the topic of RIPTA being covered as an “entity” which he discussed at the last meeting and noted that for more money the AIG program will provide this coverage, while the Great American program does not. Mr. Primavera said that it is his opinion that not naming RIPTA as an entity on the policy is not a big issue. He said the best deal would be to continue with Great American at a premium of approximately \$50,000 and basically the

decision comes down to how important it is to the Board to have the entity coverage.

Mr. Field asked who would be covered by the policy and Mr. Primavera responded that it would cover the entire Board plus the officers. Ms. Lee asked if the policy was strictly for malfeasances or misconduct and Mr. Primavera said this is for any decision the Board makes that adversely effects the general public or a third party and relayed to Ms. Lee the example given at the last meeting.

Director Lewis asked if counsel could give an opinion on the necessity of the maintaining entity coverage and Ms. Silveira said RIPTA by statue is an entity who can sue and be sued in its own name and she can not give an opinion at this moment on whether RIPTA should obtain the insurance. Director Lewis said if it is not cost prohibitive maybe the coverage should include the entity. Mr. Batting asked that staff research this issue and Ms. Silveira said her gut feeling is that RIPTA does not need the coverage and discussed the issue of breach of fiduciary duty which is something that has to be proved and that is difficult to do. Mr. Primavera discussed the issue of defense costs and said defense and settlement costs are at the same level. Mr. Batting asked Ms. Silveira to research this issue and report back to the Board at the next meeting.

Agenda Item 7: Public Comment

Mr. Batting returned to public comment and asked if anyone else wished to speak. Stephen Farrell President of the Amalgamated Transit Union commented that earlier in the meeting there was discussion about the negotiation on the UPass legislation that would take place between the Board of Higher Education and RIPTA and Mr. Farrell believes the amount being discussed is approximately \$4 to \$5 per head, per student. Mr. Batting asked if this included university employees as well as students and recognized Senator Josh Miller one of the authors of the legislation who gave some background on it. Senator Miller said that the Governor has not yet signed the version that was passed by the House and the Senate but there is a letter from the universities supporting the legislation and he believes the Governor will sign it. The final version that was passed eliminated any language that required a specific amount to be negotiated between the universities and RIPTA and also took out the requirement that the pass cover anybody but students. Senator Miller said that faculty and staff are no longer included in the language of the legislation. Mr. Farrell asked if graduate students are included and Senator Miller said presumably yes, if they can show a valid student ID. Senator Miller said it would be between RIPTA and the universities to work out the fees and logistics of the program.

Mr. Batting asked if there were further comments and Mr. Farrell said he would like to make a comment on Exhibit D of the Deficit Reduction Program but in light of the fact that ATU will soon be receiving correspondence on this matter, they will reserve comment

until the next Board meeting.

Next Mr. Batting recognized Christine Johnston with the Laborers International Union, Local 808 who welcomed Director Lewis and Rochelle Lee to the RIPTA Board.

A gentleman who did not identify himself spoke regarding the gas yield/revenue estimating conference issue and said it is a difficult road to go down to use a number that is not derived from the revenue estimating conference because the whole process will become very arbitrary and presumptive not just for RIPTA, but for all state entities that receive funds from the state.

Mr. Batting responded that he did not feel that the estimation is all that difficult, and stated that waiting for the actual revenue to come in and then responding to it is a real problem. He continued that RIPTA needs as much help as possible. The gentleman raised the issue of it being everyone's responsibility to look at public transportation and funding it in a way that responds to demand.

Mr. Kennedy said there has been discussion about asking for the penny remaining from the gas tax revenue and asked if any action had been taken. Mr. Moscola responded that at the last Board meeting he asked the Board if he should request the last penny and no definitive decision was made. Mr. Rupp said he believes RIPTA should ask for the penny. Mr. Batting asked for a motion on whether

to ask for the final gas tax penny. Mr. Kennedy made the motion, which Mr. Rupp seconded and the motion passed unanimously.

Finally Mr. Batting commented on the Abrams Report and gave some background on the report. Mr. Batting said he intends to write a summary, which he will send to the other directors. Mr. Kennedy questioned efficiency experts such as Abrams and whether they serve a useful purpose.

Lori Silveira asked for a point of order for the next meeting for the Board to put the ratification of the vote regarding the additional gas tax penny on the agenda.

Agenda Item 8: Executive Session

Mr. Batting moved that RIPTA adjourn to an executive session, as noticed on the agenda, under sections § 42-46-5(a)(1) and 42-46-5(a)(2) to discuss General Manager contract and collective bargaining issues. Mr. Kennedy moved to adjourn and to convene an executive session; Mr. Rupp seconded the motion. A roll call vote was taken on the motion to convene to executive session. All members voted to convene the executive session.

Following the Board's return to open session Mr. Rupp moved to seal the executive session minutes. Mr. Field seconded the motion, which passed unanimously.

Agenda Item 9: Adjournment

A motion to adjourn the meeting was made by Mr. Batting and Mr. Lewis seconded the motion, which passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary