

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held Friday, May 7, 2010 @ 2:00 p.m.

Finance Committee Members Present: Edward Field, Chairperson; Jerome Williams; and Rochelle Lee; and John Rupp; William Kennedy; Michael Lewis; and Stephen Durkee.

Absent: Thomas Deller

Board Members Present: John Rupp and Michael Lewis.

Also Present: Alfred J. Moscola (General Manager); Maureen Neira; Henry Kinch; Roger Mencarini; and Ellen Mandly.

Agenda Item 1: Approval of Minutes of April 5, 2010 Meeting

Mr. Field asked if the members had a chance to review the minutes of the April 5, 2010 Finance Committee meeting and the members present decided to wait until Ms. Lee had arrived for the vote. Once Ms. Lee arrived Mr. Field again asked if the members had a chance to review the minutes of the April 5, 2010 Finance Committee meeting. The members indicated they had and Ms. Lee moved that the minutes be approved as presented. Mr. Field seconded the motion and Mr.

Williams abstained. The minutes were approved.

Agenda Item 2: FY Budget Discussion

Ms. Neira addressed the Committee and said she had bad news to report regarding RIPTA's self insurance policy. She reminded the Committee that RIPTA changed to a claims based insurance plan in May of 2004 and since doing so claims have averaged approximately \$1million per month for retired and active RIPTA employees. This figure increased dramatically for March 2010 with claims totaling \$2.3 million for the month, including a single claim of \$700,000 for one employee/retiree. United Health verified the claims before reporting them to RIPTA and Ms. Neira was only recently notified.

Ms. Neira discussed claim trends historically; the potential for further large claims and answered questions regarding the recent exorbitant claims but the discussion was limited due to privacy concerns.

Mr. Williams asked about stop loss insurance and Ms. Neira responded that RIPTA does not carry it. A discussion ensued among the members regarding types of stop loss insurance and the cost thereof.

Ms. Neira stated that with only 7 weeks left in the fiscal year there is little she can do to adjust the budget to compensate for this large insurance claim and it will likely increase the current deficit amount.

Next Mr. Rupp asked about fuel prices vis a vis budgeted amount and Mr. Moscola replied that luckily we are still locked in on fuel price, unfortunately he has been researching executing a new fuel price lock-in contract and the prices high, about \$3.00 per gallon. He will continue to monitor fuel prices and when feasible will lock in again. A brief discussion of fuel prices and RIPTA's current contract with Sprague ensued and Ms. Neira said we will purchase at the daily price if the lock in remains too high once the current contract with Sprague expires

Agenda Item 3: Public Comment

There were no public comments.

Agenda Item 4: Old Business

Ms. Neira said the fare increase voted on at the May Board meeting must be posted publicly and service reductions must also be vetted at public hearings. Henry Kinch handed out a timeline for public hearings on the fare increase/service modifications and a discussion ensued. Mr. Field asked if the Finance Committee could give the go ahead, or if this must be voted on at a Board meeting. Mr. Moscola said the Board approved going forward with the fare increase and staff simply needs direction and approval on proceeding with the required public hearings on same. Ms. Neira answered questions on

the amounts to be discussed at the public hearings and Mr. Kinch elaborated further on the process.

Following a discussion by the Committee on the public hearing process the Committee said they would like the public hearing process done on an accelerated timeline and staff should proceed as quickly as possible. Mr. Field added that the Board would convene in July if need be to help facilitate this process and review the findings from the public hearings.

Mr. Rupp stated for the record that it is still the desire of the Board to avoid any service cuts and they will work diligently to avoid them. Ms Lee and Mr. Williams agreed.

Agenda Item 5: Adjournment

There being no further business Mr. Field made a motion to adjourn. Ms. Lee seconded the motion to adjourn and the meeting was adjourned.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary