

MINUTES
MEETING OF THE BOARD OF DIRECTORS
BUSINESS MANAGEMENT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

November 28, 2018

The Board of Directors Business Management Committee met on November 28, 2018 at 11:55 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Roberta Abdul-Salaam
Robert L. Ashe, III
Frederick L. Daniels, Chair
Jim Durrett
Roderick E. Edmond
William 'Bill' Floyd
Jerry Griffin
Freda B. Hardage
Alicia M. Ivey
John 'Al' Pond
W. Thomas Worthy

MARTA officials in attendance were: General Manager/ CEO Jeffrey A. Parker; C-Suite Team Members Chief of System Safety, Security & Emergency Management/Police Wanda Dunham, Chief Financial Officer Gordon L. Hutchinson, Chief of Staff Melissa Mullinax and Chief Counsel Elizabeth O'Neill; AGMs LaShanda Dawkins, James Sibert (Acting), David Springstead, Kirk Talbott, Emil Tzanov and Thomas Young (Interim); Senior Director Colleen Kiernan; Directors John Cochran (Acting), Lisa DeGrace, Tim Elsberry, Jonathan Hunt and Donna Jennings; Managers Stephany Fisher and Roderick Lyles; Senior Executive Administrators Ashanti Boothe and Keri Lee. Others in attendance Carlos Arrietta, Adrien Carter, Kareem Jackson, Courtne Middlebrooks and LaTonya Pope.

Also in attendance Gregory Bell; Kenneth Gregor, Bruce Levell; Chioke Perry; Frank Picarelli of Segal Group and Jim Schmidt of HNTB.

Approval of the October 25, 2018 Business Management Committee Meeting Minutes

On motion by Mr. Durrett seconded by Mrs. Hardage, the minutes were unanimously approved by a vote of 9 to 0, with 9 members present.

Resolution Authorizing the Renewal of MARTA's Excess Operating Property Insurance for 2019

Mrs. Jennings presented this resolution authorizing the General Manager / CEO or his designee to effect placement of MARTA's excess operating property insurance coverage for a period of one-year effective January 1, 2019 to January 1, 2020.

The Authority currently has in place policies for property coverage with limits of \$250M excess of a \$5M self-insured retention.

The worldwide property insurance markets are still in flux after the 2017 storms and now the 2018 storms. Because of these catastrophic events the insurers are under pressure to increase premiums to cover these losses. MARTA limited the impact of the market conditions and kept the program cost to increase to 3.66%.

The proposed renewal program replaces the expiring excess insurance policies at the not to exceed cost of \$1,093,306.

On motion by Mr. Worthy seconded by Mr. Durrett, the resolution was unanimously approved by a vote of 9 to 0, with 9 members present.

Resolution Authorizing Award of a Contract for Vending Services for the MARTA Headquarters Building and Satellite Facilities, RFP P39863-A

Mr. Lyles presented this resolution to enter into a Contract with Southern Refreshments Services.

The purpose of this Contract is to offer service and convenience to the Authority's employees located at the Headquarters Building and Satellite Facilities by providing full-line vending services. The vending services will include pre-packaged food, snacks, including healthy snacks, drinks, etc., at the lowest possible cost to the employees.

Thirteen (13) firms retrieved the online solicitation and/or purchased the CD.

On the Proposal deadline date and time of October 12, 2018 at 2:00p.m. One proposal was received from Sothern Refreshment Services.

The Authority's Source Evaluation Committee (SEC) reviewed and evaluated the proposal based on the established criteria. After the SEC's initial review and evaluation, the Proponent was considered to make an oral presentation to the SEC.

The Department of Contracts & Procurement conducted a price analysis to determine if the prices were fair and reasonable.

The Proposal is a no cost/no compensation contract with a term of three (3) years with two (2) one (1) year options.

On motion by Mrs. Hardage seconded by Mr. Worthy, the resolution was unanimously approved by a vote of 8 to 0, with 9 members present.

Ms. Ivey abstained.

Resolution Authorizing Additional Funds for the Professional Services for Labor Relations, LOA L39858

Mr. Biscoe presented this resolution authorizing the General Manager/ CEO or his delegate to amend a contract with Diversified Workforce Solutions, LLC., to add additional funds and extend the term for professional labor relations services.

MARTA selected Diversified Workforce Solutions, LLC in August of 2017 to assist the Authority in negotiating a new three (3) year bargain agreement with Amalgamated Transit Union (ATU) Local 731.

The parties officially launched negotiation sessions in November 2017. As of March 2, 2018, the Union postponed sessions to conduct mandatory re-election of officers for the ATU International. Negotiations resumed in July 2018.

In September 2018 all funds were depleted to cover consulting fees.

Mr. Floyd asked what was the purpose in having a Consultant assist ATU and MARTA.

Mr. Parker said MARTA is interested in bringing in the best practices across the Transit industry and that ATU is efficient with having access to local negotiations as well as having an outside entity.

On motion by Mr. Griffin seconded by Dr. Edmond, the resolution was unanimously approved by a vote of 9 to 0, with 9 members present.

Resolution Authorizing a One-Time Cost of Living Adjustment (COLA) for the Retirees and DROP Participants of the MARTA Non-Represented Pension Plan

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Mrs. Dawkins presented this resolution authorizing a one-time lump sum cost of living increases that represents 3% of the Retiree's and DROP participant individual annual benefit to be paid as of January 2019. To be eligible for COLA, the participant must have been a Retiree and/ or DROP Participant as of January 1, 2018.

MARTA maintains the MARTA Non-Represented Pension Plan (the "Plan), a defined benefit plan covering non-represented employees which was originally adopted as of January 1, 1958, and currently consist of the restated Plan effective January 1, 2015, as subsequently amended.

Mr. Griffin said the report mentioned a one – time payment would be distributed to employees equal to 3% and the presentation indicated COLA would be issued. He asked if a one – time dividend would be paid each year.

Mrs. Dawkins said MARTA is proposing a one – time payment this year.

Mr. Griffin asked does the proposal change the base payment.

Mrs. Dawkins said the proposal would not change the base payment. She said under the policy, MARTA can consider where a COLA would be appropriate and after looking at the financial position of the plans, the Pension Committee was favorable to adopt the one – time payment.

Mr. Griffin said COLA is a term in retirement that is a cost of living increase that increases the pension payout. He said it does not represent a dividend and employees are not receiving a COLA.

Mrs. Dawkins said yes. If the proposal is approved as MARTA presented, the employee will receive a one – time lump sum payment pursuant to the plans COLA policy. She said under the COLA policy, MARTA conducted an analysis and recommended that employees receive a one – time lump sum payment.

Mr. Daniels asked if MARTA was using the correct terminology regarding the one – time Payment.

Mrs. O'Neill said MARTA would amend the resolution to reflect a one – time payment approval in accordance with the cost of living.

Ms. Abdul-Salaam asked how many participants would be dropped from the Non-Represented Pension Plan.

Mrs. Dawkins said approximately 66 DROP participants would be dropped which impacts a total of 1,362 individuals including their beneficiaries.

Ms. Abdul-Salaam asked if 1,362 individuals would receive the 3% one – time lump sum payment while 66 individuals are dropped.

Mrs. Dawkins said no. The DROP participants would receive the one – time payment as well. She said MARTA has individuals who are retirees and has a universe of DROP participants but this action will benefit all individuals.

Mr. Pond asked what could MARTA expect in the next few years.

Mrs. Dawkins said based upon not making recommendations last year, MARTA would only be able to speculate a future prediction.

Mr. Hutchinson said based upon the market's status this year and the fact that MARTA has a pretty significant portion of funds invested in equity MARTA would not recommend another adjustment.

On motion by Mr. Griffin seconded by Mrs. Hardage, the resolution was unanimously approved by a vote of 8 to 0, with 9 members present.

Ms. Abdul-Salaam abstained.

Briefing – Record Keeping Services for the Non-Represented 401(a) Defined Contribution Plan and MARTA Employee 457(b) Deferred Compensation Plan, RFP P40527

Mr. Tzanov presented an update on record keeping services.

Governance and Fiduciary Oversight

- Fiduciary oversight of the plans delegated by the MARTA Board of Directors to:
 - MARTA Non-Represented 401(a) Pension Committee
- Fiduciary responsibilities include entering into contract on behalf of the plans
- The MARTA Offices of Procurement and Legal Services, as well as the Plan Consultant and Plan Attorney assisted the Plan Committee in executing the solicitation of services

Why the Change

Current Structure

- Three Plans
 - Non – Represented Employee 401(a) Defined Contribution plan (Mass Mutual)
 - Employee 457(b) Deferred Compensation Plan (Nationwide)
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- Current Structure
 - Record Keeper/Administrator has not been reviewed since 2004
 - Each plan has its own Record Keeper/Administrator (2 Record Keeper/Administrators over three plans)
 - Each plan has its own investment pool
 - Each plan has its own fee structure
 - Limited ability to conduct full fiduciary and investment oversight
 - Cost and administrative inefficiencies using multiple providers

New Structure

- Industry best practice
 - Review Record Keeper/Administrator every five years
 - Consolidation into two plans
 - Non – Represented Employee 401(a) – (Nationwide)
 - 457(b) Deferred Compensation Plan (Nationwide)
- New Structure Provides
 - One Record Keeper/Administrator over two plans
 - Similar investment options
 - Focused fiduciary oversight

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- Efficiency savings using a single provider
- Achieved favorable minimum guaranteed stable value rates for each contract year
- Self-directed brokerage option through Charles Schwab

Solicitation and Award

RFP P40527 solicitation process

- Board briefed current/proposed solution November 2017
- RFP released February 2018
 - 27 firms retrieved the solicitation
 - Eight firms presented responses to the RFP
 1. ICMA Retirement Corporation
 2. Massachusetts Mutual Life Insurance Company
 3. Nationwide Retirement Plans
 4. Prudential Retirement
 5. Voya Financial
 6. Valic
 7. Empower Retirement
 8. Lincoln Financial Group
- Technical scoring reduced the competitive range to three firms who were brought in for interviews
 1. Nationwide Retirement Plans
 2. Prudential Retirement
 3. Empower Retirement
- After interviews and final technical scores the Committee incorporated pricing into the review
 - Initial pricing and technical scoring combined presented Nationwide Retirement Plans (“Nationwide”) as the best candidate

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- The Committee requested a pricing BAFO from Nationwide resulting in a further cost reduction to plan participants in excess of \$200K annually
- The Committee voted unanimously on November 14, 2018 to enter into contract negotiations with Nationwide

Contract Information

Contract Specifics

- Contract term is Five (5) years
- Contract is not a direct cost to MARTA
 - Contract costs are paid using forfeiture funds and plan participant allocation if necessary
 - Estimated costs are not to exceed \$950K over the five (5) year term
- DBE goal requirements – 20%
- The contract included migration to the new provider and a robust communication and education plan for the plan participants

Briefing – FY2019 September Financials and Key Performance Indicators

The Board was presented with an update on FY2019 September financials and key performance indicators. Mr. Daniels asked the Board Members to review on their own.

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Adjournment

The meeting of the Operations Committee adjourned at 12:30 p.m.