

SORTA FINANCE COMMITTEE MEETING

WEDNESDAY, NOVEMBER 7TH, 2018 - 8:00 A.M.
SORTA/METRO BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

General Items:

Call to order

Pledge of Allegiance

1. Approval of Finance Committee Minutes: October 9, 2018

Briefing Items

2. Quarterly Fuel Hedging Report (**David A. Riposo**)
3. Financial Reports for October 2018 (**David A. Riposo**) *To be presented at meeting...*

Action Items:

4. Investment of Funds Report as of October 31, 2018 (**David A. Riposo**)
5. Proposed Motion: Approval of Legal Service Expenditures with Dinsmore & Shohl, LLP
(**Dwight A. Ferrell**)
6. Proposed Motion: Approval of Legal Service Expenditures with Vorys, Sater, & Pease, LLC
(**Dwight A. Ferrell**)
7. Proposed Resolution: Approval of 2019 SORTA Budget (**David A. Riposo**)

Other Items:

Adjournment

The next regular meeting of the Finance Committee has been scheduled for **December 11, 2018**
at 8:00 a.m., the SORTA/Metro Board Room,
602 Main Street, Suite 1200, Cincinnati, Ohio

FINANCE COMMITTEE
TUESDAY, OCTOBER 9, 2018 – 8:00 A.M.
SORTA/METRO MT. ADAMS BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

COMMITTEE/BOARD MEMBERS PRESENT: Brendon Cull, Kreg Keesee, Robert Harris, Roderick Hinton, Thaddeus Hoffmeister and Pete McLinden

COMMITTEE MEMBERS ABSENT: Heidi Black and Allen Freeman

STAFF MEMBERS PRESENT: Dwight Ferrell, Donna Adkins, John Edmondson, Dan Feldman, Pat Giblin, Paul Grether, Adriene Hairston, Darryl Haley, Sallie Hilvers, Brandy Jones, Caprice Jones, Maria Jones, Michelle Jeng, Ted Meyer, Mary Moning, Matt Niehaus, Cindy Resor, David Riposo, Shannel Satterfield, T.J Thorn, Mike Weil

OTHERS PRESENT: Kim Schaefer (Vorys, Sater, Seymour & Pease, LLP), Seth Rensberger and Jenna Skop (Clark Schaefer Consulting, LLC) and John Brazina (City of Cincinnati)

1. **Call to Order**

Mr. Keesee 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 September 11th, 2018**

Mr. Keesee made a motion that the minutes of the September 11th, 2018 meeting be approved as previously emailed and Mr. Hinton seconded the motion. The Committee approved the minutes.

5. **Internal Audit: Safety and Security**

Mr. Rensberger and Ms. Skop of Clark Schaefer Consulting presented the Safety and Security Internal Audit report. They provided the Committee with a scope of the audit which included: safety and security policies and procedures, program safety, security, and emergency management plans, general safety training, vehicle standards, and general security communications. The report also provided the results of the audit, including observations and recommendations.

6. **Quarterly Internal Audit Follow Up: Q3**

Mr. Riposo presented a summary of internal and external audit findings that had been performed during the years 2016-2018 with management responses to findings on outstanding items for quarter three (3). The Committee accepted the report as presented.

7. **Financial Report as of September 30th, 2018**

Mr. Riposo presented the September 2018 financial reports. Total revenues were \$8.1 million, which is favorable to budget by \$186,000. Total expenses were \$8.0 million, which is unfavorable to budget by \$93,000 or 1.2%. The final result was a net favorable variance of \$118,000 for the month. Fare revenue was favorable to budget by \$136,000. Mr. Riposo then reviewed the contributing factors to these variances.

He also presented the Cincinnati Bell Connector financial report for September 2018. Total revenues were \$312,753 which is unfavorable to budget by \$24,650 or 7%. Total expenses were \$341,023 which is unfavorable to budget by \$3,620 or 1%. The end result is a net unfavorable variance of \$28,270 for the month. Mr. Riposo then reviewed the contributing factors to these variances. The Committee accepted the report as presented.

8. **Investment of Funds as of September 30th 2018**

Mr. Riposo presented the report noting the yield for September slightly increased to 2.312%. The Committee approved the report as presented.

9. **Approval of 2019 Budget Assumptions**

Mr. Riposo presented an overview of the proposed 2019 Budget Assumptions, which allows staff to continue operations in 2019 at the recommended levels. The Committee approved the assumptions as presented.

10. **Proposed Motion: Medical Reserve Policy**

Mr. Riposo presented this motion which would allow SORTA to establish a medical reserve fund to pay claims and other expenses necessary as part of the self-insured program. The Committee agreed to recommend the motion for approval to the SORTA Board.

This item was moved to the October Board Consent Agenda.

11. **New Business**

The next regular meeting of the Finance Committee has been scheduled for Wednesday, November 7th, 2018 at 8:00 A.M.

12. **Adjournment**

The meeting adjourned at 8:41 A.M.

November 2018

BRIEFING ITEM – DIESEL FUEL HEDGING REPORT – AS OF SEPTEMBER 30TH, 2018

STRATEGIC PLAN GOAL / OBJECTIVE

- Organizational Sustainability

RECOMMENDATION

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

BUSINESS PURPOSE

- SORTA spends approximately 7% of its annual budget on diesel fuel.
- In May 2006 by Resolution 2006-21, the SORTA Board approved an Energy Forward Pricing Strategy (EFPS) which authorized staff to hedge SORTA's fuel supply for up to 18 months in an effort to reduce uncertainty regarding the cost and price risk associated with purchasing diesel fuel to operate the system.
- In November 2008 by Resolution 2008-62, the SORTA Board amended the EFPS to authorize hedging up to 90% for 24 months and up to 50% for 25-36 months.
- SORTA's Energy Forward Pricing Strategy ("EFPS") was developed to:
 - Increase probability to remain within approved energy cost budget
 - Reduce the volatility of energy costs
 - Achieve a lower overall long-term fuel cost
 - Achieve time diversification/dollar cost averaging
 - Apply a dynamic strategy that balances risk and opportunity
- Attached is SORTA's Diesel Fuel Hedging Report as of September 30th, 2018.

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice-President, Finance

Southwest Ohio Regional Transit Authority
 Diesel Fuel Hedging Report
 As of September 30, 2018

	Year to Date	
	<u>Total</u>	<u>Per Gallon</u>
Fuel Purchased	\$4,733,097	\$2.17
Hedging Gains / (Losses)	603,235	\$0.28
Net Fuel Cost	<u>4,129,862</u>	\$1.89
Budget	3,918,429	\$1.83
Variance Favorable / (Unfavorable)	<u><u>(\$211,433)</u></u>	-5.4%

<u>Future Hedges:</u>	Gallons Hedged		Average Cost per Gallon	Unrealized Gain/(Loss)
	<u>Total</u>	<u>Percent</u>		
2018	420,000	57%	\$1.70	\$272,517
2019	2,562,000	90%	\$1.81	\$1,342,501
2020	378,000	13%	\$1.89	\$168,176
				<u><u>\$1,783,194</u></u>

<u>Hedging Policy</u>	<u>Policy</u>	<u>Hedged</u>	<u>Prior Qtr Hedged</u>
0 - 24 Months	90%	74%	69%
25 - 36 Months	50%	0%	0%

Historical Performance

	Fuel Purchased	Realized Gain / (Loss)	Net	Budget	Variance
2011	9,055,222	\$2,597,327	6,457,895	6,180,421	(277,474)
2012	9,372,628	\$1,319,310	8,053,318	8,209,351	156,033
2013	9,132,996	\$372,338	8,760,658	9,210,597	449,939
2014	8,830,791	(\$117,562)	8,948,353	9,345,585	397,232
2015	5,074,405	(\$3,021,063)	8,095,468	8,958,919	863,451
2016	4,065,532	(\$2,721,152)	6,786,684	7,162,468	375,784
2017	4,915,044	(\$1,114,172)	6,029,216	6,213,987	184,771
2018 YTD	4,733,097	\$603,235	4,129,862	3,918,429	(211,433)
Aggregate:	<u><u>\$55,179,714</u></u>	<u><u>(\$2,081,740)</u></u>	<u><u>\$57,261,454</u></u>	<u><u>\$59,199,757</u></u>	<u><u>\$1,938,303</u></u>

November 2018

BRIEFING ITEM – MONTHLY FINANCIAL REPORTS – AS OF OCTOBER 31ST, 2018

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 October 31st, 2018.

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice-President, Finance

November 2018

ACTION ITEM – INVESTMENT OF FUNDS REPORT – AS OF OCTOBER 31ST, 2018

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 October 31st, 2018.

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice President, Finance

BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MOTION

APPROVAL OF LEGAL SERVICE EXPENDITURES DINSMORE & SHOHL LLP

I move that the CEO/General Manager, EVP/COO, or the CFO/Secretary-Treasurer be authorized to approve a purchase order for legal services with Dinsmore & Shohl LLP for the time period of January 1, 2019 through December 31, 2019 at the rates set forth in the engagement letter at a cost not to exceed \$120,000.

November 2018

ACTION ITEM - APPROVAL OF LEGAL SERVICE EXPENDITURES DINSMORE & SHOHL LLC

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

Approval of expenditures for legal services for the period of January 1, 2018 through December 31, 2018 with Dinsmore & Shohl LLP.

FINANCIAL CONSIDERATIONS

- Funding for these services is provided in the 2019 operating budget at \$120,000.
- This agreement will began January 1, 2019 and continue through December 31, 2019.
- The expenditure will be funded with local operating money.

BUSINESS PURPOSE

- Legal services have been provided by Dinsmore & Shohl since 1983 including labor and employment advice and employment litigation defense services and other matters.
- The current engagement letter is attached covering the calendar year 2019, at an estimated annual cost of \$120,000, requiring SORTA Board approval.

PROCUREMENT CONSIDERATIONS

- Legal services are exempt from the competitive bidding requirements of the Ohio Revised Code.

BDE/M/WBE CONSIDERATIONS

- None

LEGAL CONSIDERATIONS

- None

APPROVAL OF LEGAL SERVICE EXPENDITURES



Dwight A. Ferrell
CEO/General Manager



Legal Counsel.

DINSMORE & SHOHL LLP
255 East Fifth Street ^ Suite 1900 ^ Cincinnati, OH 45202
www.dinsmore.com

Allison L. Goico
(513) 977-8613 (direct) ^ (513) 977-8141 (fax)
allison.goico@dinsmore.com

Admitted to Practice in Ohio and
Illinois

October 22, 2018

Via e-mail: jravasio@go-metro.com

Mr. John Ravasio
Director of Employee and Labor Relations
Southwest Ohio Regional Transit Authority/Metro
602 Main Street, Suite 1100
Cincinnati, Ohio 45202

Dear John:

Thank you for selecting Dinsmore & Shohl LLP (the "Firm") to represent the Southwest Ohio Regional Transit Authority a/k/a Metro. This letter will confirm our discussion regarding your engagement of the Firm and will describe the basis upon which we will provide legal services to you. Attached to this letter are the Dinsmore & Shohl LLP Statement of Engagement Terms (the "Terms and Conditions") that are a part of this letter. By signing below, you agree to those terms and conditions.

You have engaged us to provide labor and employment advice and employment litigation defense.

Our legal services will be billed to you at a blended attorney hourly rate of \$320.00 for the period January 1, 2019 through December 31, 2019. It is anticipated that Allison Goico will supervise this engagement with various attorneys performing the legal services. Any estimate we furnish of the amount of fees and costs likely to be incurred in this matter will be based on our professional judgment, taking into account a variety of factors that affect the cost, such as the scope and complexity of the matter. Those factors can change over the course of the matter resulting in the estimate not representing the amount actually charged. Any estimate is not a maximum or fixed fee quotation. The payment of our fee is not contingent on outcome or success.

To enable us to represent you effectively, you agree to cooperate fully with us in all matters relating to your case, and to fully and accurately disclose to us all facts and documents that may be relevant to the matter or that we may otherwise request. You also will make yourself reasonably available to attend meetings, discovery proceedings and conferences, hearings and other proceedings.

Mr. John Ravasio

October 22, 2018

Page 2 _____

Please review this letter and the Terms and Conditions carefully. If it meets with your approval, please sign it and return it with the required retainer, if any, so that we may begin work. If you do not agree with one or more of the provisions of this letter or the Terms and Conditions, please contact me so that we can try to address your concerns.

Again, let me thank you for retaining us in connection with this matter. I look forward to working with you.

Sincerely,



Allison L. Goico

ALG/pls

14152028v1

AGREED AND ACCEPTED:

Southwest Ohio Regional Transit Authority

Date

Dinsmore & Shohl LLP
Statement of
Engagement Terms

1. Engagement of Our Services

The law firm of Dinsmore & Shohl LLP (the “Firm”) has undertaken to represent you and to act on your behalf. Any expressions on our part concerning the outcome of your legal matters are expressions of our best professional judgment and are not guarantees. Also, our opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed.

2. The Scope of Our Representation

Our clients in this matter are the persons or entities identified (“client” or “clients”) in our engagement letter (“engagement letter”) to which this Statement of Engagement Terms is attached. Unless specifically identified in the engagement letter, our representation of the client does not include representation of (i) parent companies or other owners of the client, (ii) subsidiaries or other affiliates of the client, (iii) partners of the client, (iv) family members of the client, or (v) beneficial owners of the client. The clients are hiring the Firm to represent them in connection with issues or claims arising out of the matters identified in the engagement letter, and only those matters unless specifically agreed in a writing signed by the Firm. We will provide services of a strictly legal nature related to the matters described in the engagement letter. You will provide us with the factual information and materials we require to perform such services, and you will make such business or technical decisions and determinations as are appropriate. You will not rely on us for business, investment or accounting decisions, unless otherwise specified in the engagement letter.

3. Relationships With Other Clients

In representing you, it is important that you receive advice from lawyers who are free from conflicts of interest. We represent a diverse group of clients on a variety of legal matters. Accordingly, it is possible that we represent current clients or may be asked in the future to represent new clients in the same general field of interest or business. We have conducted an internal review and have not identified any conflict of interest implicated by our common representation of you and any other existing client of the Firm. We have specifically considered any persons and business you have identified as being adverse in this matter, if any, and found no conflict. However, conflicts of interest are at times difficult to identify and can sometimes arise as a result of client activities or other developments of which we may be unaware. We will make reasonable efforts to identify and resolve those conflict situations and to establish appropriate mechanisms to safeguard your interests. In an appropriate situation, we may provide you with full information regarding a potential conflict of interest and ask you to waive the potential conflict.

4. Who Will Provide the Legal Services

The principal attorney contacts for this matter are identified in the engagement letter. Subject to the decision of these principal attorneys, your work or parts of it may be performed from time to time by other lawyers and legal assistants in the Firm. Such delegation may be for the purpose of involving lawyers or legal assistants with special expertise in a given area or for the purpose of providing services on the most efficient and timely basis..

5. Responsibilities of the Parties

The Firm will provide those legal services reasonably required to represent the clients and will take reasonable steps to keep clients informed of progress and developments, and to respond promptly to inquiries and communications. The clients agree to cooperate with the Firm, to keep the Firm informed of any information and developments which may come to clients' attention, and to abide by these terms. The clients agree to appear at all legal proceedings when the Firm deems it necessary, and generally to cooperate fully with the Firm in all matters related to the preparation and presentation of the clients' claims. If the clients believe that any portion of the fees payable to the Firm may be covered by a policy of insurance, it is the responsibility of clients to bring such policy to the attention of the Firm for review.

6. Legal Fees

Time spent on a project is recorded on a daily basis. Such time may include research, investigation, telephone calls, travel, conferences, court appearances, preparation, drafting, correspondence and organizing evidence and materials.

7. Costs and Litigation Expenses

Charges, in addition to time charges, will be made for certain items. Examples include charges for travel, postage related to mass mailings or related to certified or registered mail, overnight delivery, deposition or transcript fees, witness fees, filing fees, court costs, messenger service, and secretarial overtime. To aid in the preparation and presentation of the clients' case, it may be necessary to hire expert witnesses, consultants and/or investigators. The Firm will select any expert witnesses, consultants or investigators to be hired, after consultation with clients. The Firm requires that you pay all third-party vendors for goods and services directly for any charges in excess of \$1,500.

8. Payment Terms

Statements for fees and disbursements will be sent monthly. Payment is due upon receipt. If any balance remains unpaid for more than thirty (30) days, and no arrangements have been made in writing to pay the balance, we reserve the right to postpone or defer providing additional services or to discontinue our representation if your matter and/or case has not reached its conclusion. We may have performed certain legal services and incurred charges before you sign the engagement letter. If so, we will bill for these services and charges in our first statement. We reserve the right to charge a service fee of one percent (1%) per month with respect to any fees and expenses not paid within thirty (30) days.

9. Confidentiality and Related Matters

As a matter of professional responsibility, we are required to preserve the confidences and secrets of our clients. This professional obligation and the legal privilege for attorney-client communications exist to encourage candid and complete communication between a client and his or her lawyer. We can perform at our best only if we are aware of all information that may be relevant to our representation of you. Consequently, we trust that our attorney-client relationship with you will be based on mutual confidence and unrestrained communication. Additionally, you should be aware that, in instances in which we represent a corporation or other entity, our client

Dinsmore & Shohl LLP
Statement of
Engagement Terms

relationship is with the entity and not with its individual executives, shareholders, members, directors, managers, partners, trustees or persons or business organizations that have a relationship to you. Of course, we sometimes also represent individuals and persons related to an entity client in matters that we believe do not conflict with the interests of the entity, but any such representation will be the subject of a specific, separate engagement letter.

10. Use of E-mail to Transmit Documents

The Firm may use unencrypted e-mail to transmit client documents, believing that e-mail offers a reasonably secure, efficient means of transmitting information. Please advise us if you have highly sensitive information you do not want transmitted in such a manner.

11. Use of Your Name

Subject to any limitations you communicate to us in writing, you agree that we may describe, using solely public information, cases and other matters in which we have acted as your counsel, in informational material, including the Firm's web sites. We will not use your name in any such description without your advance consent.

12. Termination

Either clients or the Firm may terminate the engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct. In the event of termination of our engagement, we will, at your request, return whatever papers and property you have provided to us. Additionally, we will deliver to you all of the other material in our files relating to our representation of you, to which you are entitled under the applicable rules of professional conduct, provided that we reserve the right to make and retain a copy, at your expense, of all material delivered to you.

Circumstances and types of conduct which may require us to withdraw from representing a client or which will clearly be a basis for our withdrawal include, for example, breach of these terms, client's refusal to cooperate with the Firm or to follow the Firm's advice on a material matter, or any other fact or circumstance that would render the Firm's continuing representation unlawful or unethical. We try to identify in advance and discuss with our clients any situation which may lead to withdrawal, and if withdrawal ever becomes necessary, we will immediately give you written notice of our withdrawal. If permission for withdrawal is required by a court, we will promptly apply for such permission and you agree to engage a successor counsel to represent you.

Unless previously terminated, our representation of you will terminate upon our completion of any services that you have retained us to perform. Following such termination, any otherwise non-public information you have supplied to us which is retained by us will be kept confidential in accordance with applicable rules of professional conduct. If you later retain us to perform further or additional services, our attorney-client relationship will be revived subject to these terms of engagement, as they may be supplemented at that time. You agree that unless you engage us after completion of a matter to provide additional advice on issues arising with respect to that matter, the Firm has no continuing obligation to advise you in connection with future legal developments pertaining to the matter.

Dinsmore & Shohl LLP
**Statement of
Engagement Terms**

Notwithstanding the Firm's withdrawal or the clients' notice of discharge, and without regard to the reasons for the withdrawal or discharge, clients, jointly and severally, will remain obligated to pay the Firm for all costs incurred prior to the termination and, in the event that there is any net recovery obtained by clients after conclusion of the Firms' services, clients remain obligated to pay the Firm for all services rendered prior to the date of withdrawal or discharge.

13. Retention of Files

For various reasons, including the minimization of unnecessary storage expense, the firm generally retains client files for six years after termination of the engagement. After six years, we may destroy or otherwise dispose of any such document or other material without additional notice to you.

BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MOTION

APPROVAL OF LEGAL SERVICE EXPENDITURES FOR VORYS, SATER, SEYMOUR &
PEASE LLC

I move that the CEO/General Manager or the CFO/Secretary-Treasurer be authorized to approve a purchase order for legal services with Vorys, Sater, Seymour and Pease, LLP for the time period of November 1, 2018 through December 31, 2019 at the rates set forth in the engagement letter at a cost not to exceed \$275,000 (\$35,000 additional funds for 2018 and \$240,000 for 2019).

November 2018

ACTION ITEM-APPROVAL OF LEGAL SERVICE EXPENDITURES FOR VORYS, SATER, & PEASE LLC

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

Approval of expenditures for legal services for the period of November 1, 2018 through December 31, 2019 with Vorys, Sater, Seymour and Pease LLP.

FINANCIAL CONSIDERATIONS

- In December, 2017 the Board approved funding for these services for the calendar year 2018 in the amount of \$240,000. The current trend indicates 2018 costs will total \$275,000, requiring Board approval to expend the additional \$35,000 in 2018.
- Funding for these services is provided in the 2019 operating budget at \$240,000 and will be funded with local operating money.
- This is a one year agreement beginning January 1, 2019 through December 31, 2019.

BUSINESS PURPOSE

- Legal counsel services have been provided by Vorys, Sater, Seymour and Pease since 2008 including general legal services, litigation, contract, real estate, procurement, and other matters.
- The new engagement letter for legal services is attached for the period calendar year 2019, at an estimated annual cost of \$240,000, requiring SORTA Board approval.

PROCUREMENT CONSIDERATIONS

- Legal services are exempt from the competitive bidding requirements of the Ohio Revised Code.

D/M/WBE CONSIDERATIONS

- None

LEGAL CONSIDERATIONS

- None

APPROVAL OF LEGAL SERVICE EXPENDITURES



Dwight A. Ferrell
CEO/General Manager



Vorys, Sater, Seymour and Pease LLP
Legal Counsel

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Cincinnati, Ohio 45202

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Founded 1909

Kimberly J. Schaefer
Direct Dial (513) 723-4068
Direct Fax (513) 852-7892
Email kjschaefer@vorys.com

October 29, 2018

Mr. Dwight Ferrell, CEO and General Manager
Southwest Ohio Regional Transit Authority
602 Main Street, Suite 1100
Cincinnati, OH 45202

Dear Dwight:

Vorys, Sater, Seymour and Pease LLP appreciates the opportunity to provide legal services to the Southwest Ohio Regional Transit Authority ("SORTA") in connection with general legal services, including certain litigation, contract, real estate, procurement, intra-government agreement negotiation and dispute resolution, Board governance, Ohio Open Records Act, business, and other matters requested by SORTA and accepted by Vorys. At your request, this letter provides a proposal for Vorys to continue representing SORTA for the period January 1, 2019 through December 31, 2019. The form of the letter follows our existing and standard engagement letter; thus, if the proposal is acceptable, SORTA may sign this letter to accept our proposal.

Our services are intended to be rendered only to SORTA and only for the benefit of SORTA. Accordingly, no other person or entity will be entitled to rely upon or otherwise benefit from our services. More specifically, where we are representing a legal entity, such as here, our attorney-client relationship is with that specific legal entity and not with its individual officers, directors, trustees, executives, employees, or other persons in similar positions, or with other legal entities that appoint its board members, provide it funding, or may otherwise control its existence. Our professional duties are owed only to the legal entity that we have agreed to represent, which in this case is SORTA. We have previously disclosed to you that Vorys represents, for instance, the Board of County Commissioners of Hamilton County on certain matters not substantially related to our work for SORTA.

We write to confirm the terms of our retention as counsel because our experience has shown that the attorney/client relationship works best when there is an early mutual understanding about matters such as the firm's billing policies, charges and payment terms. The information below describes policies that will apply to the work we will be doing for SORTA.

VORYS

Legal Counsel

Southwest Ohio Regional Transit Authority

October 29, 2018

Page 2

Legal Fees

We appreciate the opportunity to represent SORTA and believe that we have provided timely, efficient and effective legal services to it across a range of projects, issues, and disputes. We propose to continue the use of a "blended", fixed hourly billing rate for our attorney legal services to SORTA and eliminate the flat billing rate for board services as we understand that SORTA desires a single billing rate. Vorys' use of a single billing rate has resulted in substantial savings off of the normal billing rate of all Vorys partners and many Vorys associates who have represented SORTA. Vorys has agreed to such discounts off our normal rates because it deeply believes in SORTA's mission and because of Vorys' commitment to the greater Cincinnati community. We propose the same blended rate as we offered SORTA in 2018 of \$320.00 per hour for January 1, 2019 through December 31, 2019. By way of reference only, my normal hourly rate in 2018 was \$445.00 and the hourly rate for Tony Osterlund was \$510.00.

Costs and Disbursements

To the extent practicable, we allocate the costs of support systems in accordance with the extent of usage by individual clients. Therefore, certain costs incurred on SORTA's behalf will be billed to SORTA as expenses. Charges for such support services will be billed to SORTA with the charges for legal services. In addition, out-of-pocket payments for such items as filing fees, court reporter services, court costs, subpoena costs, witness fees, expert fees, investigation and the like, while payable to others, are to be paid by SORTA. Advancements payable to others will be sent directly to SORTA for payment or, if advanced by the firm, billed directly to SORTA either separately or with our statement for legal services.

Billing

Our policy is that statements for services and reimbursement for expenses and disbursements advanced by the firm should be rendered on a monthly basis. Such statements are due and payable upon receipt, unless other arrangements have been made with the firm in advance.

Disposition of Records

Current Contact Information. Because it is important that we be able to contact you regarding your representation, you agree to inform us, in writing, of any changes in the name, business address, telephone number, contact person, e-mail address, state of incorporation or organization, or other relevant changes regarding SORTA. Whenever we need your instructions or authorization, we will contact you at the latest business address we have received from you.

VORYS

Legal Counsel

Southwest Ohio Regional Transit Authority

October 29, 2018

Page 3

Conclusion of Representation; Retention and Disposition of Documents. Unless previously terminated, our representation of SORTA in the matters contemplated hereby or in any sub-matter on which we perform services on behalf of SORTA will terminate upon the date we last render services, regardless of whether our charges for such services have been billed or paid at the time the final services are rendered. At that time, we will close the file pertaining to the matter or sub-matter and, upon request, return to you any original documents and other property you provided to the firm in connection with the matter or sub-matter. Our file pertaining to the matter or sub-matter, which might include, for example, firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, and internal lawyers' work product such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers, will be retained by the firm. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us, without further notice to you, after the close of the matter or sub-matter in accordance with the firm's record retention policy.

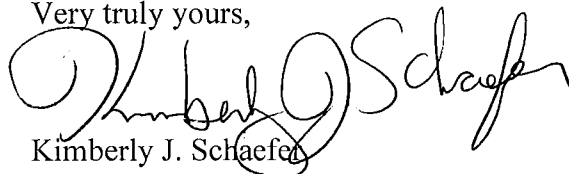
Conclusion

If the foregoing terms of retention are acceptable to SORTA, please sign the enclosed copy of this letter and return it to me. Notwithstanding SORTA's agreement, any time you have any question about our billing policies or procedures or about a specific statement, you should contact me so that I can be responsive to your question.

The terms of our retention will be governed by the laws of the State of Ohio. All claims, disputes or causes of action relating to or arising out of our retention may be brought, heard, and resolved by and in a federal or state court situated in Hamilton County, Ohio.

We look forward to serving SORTA.

Very truly yours,



Kimberly J. Schaefer

KJS/amh

VORYS

Legal Counsel

Southwest Ohio Regional Transit Authority

October 29, 2018

Page 4

Accepted:

Southwest Ohio Regional Transit Authority

By: _____

Title: _____

Date: _____

BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 2018-xx

APPROVAL OF THE 2019 BUDGET AND FUNDING REQUEST

WHEREAS:

1. The Operating Agreement between SORTA and the City of Cincinnati provides that SORTA prepare a biennial funding request for City approval.
2. In March 2018, by Resolution No. 2018-20, the SORTA Board approved the preliminary 2019 budget of \$100,044,405 and authorized a funding request be submitted to the City of Cincinnati in the amount of \$52,100,000 to balance the 2019 budget.
3. SORTA staff has now prepared a revised transit operating plan for 2019 and recommends that the Board adopt the revised 2019 operating plan, a copy of which is attached hereto and incorporated by reference herein.

THEREFORE, BE IT RESOLVED:

4. The Board hereby adopts the 2019 operating plan budget of \$100,043,338 (\$99,862,058 for operating and \$181,280 for capital) and requests the City of Cincinnati to provide funding for calendar year 2019 in accordance with SORTA's funding request of \$53,200,000.
5. The Chair or Vice Chair of the SORTA Board are hereby authorized and directed to transmit the revised funding request to the City of Cincinnati.

November 2018

ACTON ITEM - APPROVAL OF REVISED 2019 BUDGET AND FUNDING REQUEST

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

Approval of a 2019 operating plan budget of \$100,043,338 (\$99,862,058 for operating and \$181,280 for capital). In accordance with approval of this revised plan, SORTA staff also recommends an amended request for funding from the Transit Fund be submitted to the City of Cincinnati in the amount of \$53,018,720 for operating and \$181,280 of capital for a total amount of \$53,200,000.

FINANCIAL CONSIDERATIONS

- In March 2018 the SORTA Board approved the preliminary 2019 operating budget of \$100,044,405 and authorized that a funding request be transmitted to the City of Cincinnati to provide funding for calendar year 2019 in the amount of \$52,100,000 to balance the 2019 budget.
- The City of Cincinnati approved SORTA's initial funding request for calendar year 2019 in the amount of \$52,100,000.
- SORTA staff has now prepared a revised transit operating plan for 2019 of \$100,043,338 of which \$99,862,058 is for operating and \$181,280 is for capital which requires funding from the City of Cincinnati in the amount of \$53,200,000, up from \$52,100,000.

BUSINESS PURPOSE

- Approval of the revised 2019 operating plan allows staff to continue operations in 2019 at the recommended levels.

PROCUREMENT CONSIDERATIONS

- N/A

D/M/WBE CONSIDERATIONS

- N/A

LEGAL CONSIDERATIONS

- Section 306.35 of the Ohio Revised Code (ORC) states that that a regional transit authority may maintain funds that it considers necessary for the efficient performance of its duties.

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice-President, Finance



Dwight A. Ferrell
CEO/General Manager