

RESOLUTION NO. 2024-30

AMENDING CHAPTER 464 PROTECTION AGAINST INTERNAL LOSSES OF PUBLIC ASSETS AND SECTION 460.06 INSURANCE FUND OF THE CODIFIED RULES AND REGULATIONS OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

WHEREAS, pursuant to Resolution No. 1989-176, the Board of Trustees ("Board") of the Greater Cleveland Regional Transit Authority ("Authority") codified the resolutions establishing its policies and procedures; and

WHEREAS, the Authority has conducted a review and determined that Chapter 464 Protection Against Internal Losses of Public Assets and Section 460.06 Insurance Fund should be amended to update certain provisions to align them with the Authority's current operations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That Code Book Chapter 464 Protection Against Internal Losses of Public Assets is hereby amended to read as specified in Attachment A hereto.

Section 2. That Code Book Section 460.06 Insurance Fund is hereby amended to read as specified in Attachment B hereto.

Section 3. That the Board of Trustees hereby waives the fourteen-day period provided for in Article XI, Section 2 of the Bylaws.

Section 4. That this resolution shall become effective immediately upon its adoption.

Attachments: A. Chapter 464 Protection Against Internal Losses of Public Assets
B. Section 460.06 Insurance Fund

Adopted: April 16, 2024



President

Attest:



Secretary-Treasurer

Attachment A to Resolution

CHAPTER 464
Protection Against Internal Losses of Public
Assets

- 464.01 Purpose and scope.
- 464.02 Policy provisions.
- 464.03 Periodic review and amendment.

CROSS REFERENCES

- Embezzlement of public funds disqualifies from holding office - see Ohio Constitution, Article II, Section 5
- Powers of Board of Trustees; rules and regulations - see R.C. 306.34
- Powers and duties of the Authority - see R.C. 306.35
- Duties of Secretary-Treasurer; bond - see R.C. 306.42
- Theft - see R.C. 2913.02
- Theft in office - see R.C. 2921.41
- Prima-facie evidence of embezzlement - see R.C. 2945.64
- Secretary-Treasurer – see Bylaws, Article II, Section 8
- General Manager, Chief Executive Officer – see Bylaws, Article VIII
- Internal audit policies and procedures - see ADM. Ch. 262
- Transit Police Officers - see ADM. Ch. 280

464.01 PURPOSE AND SCOPE.

The policy described in this chapter is designed to afford protection to the Authority against internal losses of public assets resulting from acts by employees whose responsibilities require access to monetary or other resources of significant value, and for protection against loss through acts of fraud by employees. (Res. 1989-21. Passed 2-21-89.)

464.02 POLICY PROVISIONS.

(a) The Authority shall acquire protection against internal losses of public assets due to acts by employees of the Authority, in such amounts and for such employees as may be deemed appropriate to protect the public funds and property of the Authority and to comply with Ohio law.

(b) The form of internal loss protection shall be determined by the General Manager, Chief Executive Officer consistent with the needs of the Authority, judicious expenditure of available financial resources and the exercise of good business judgment.

(c) Internal loss protection in the form deemed most beneficial to the Authority

Attachment A to Resolution

shall be obtained from a reputable underwriting company with sufficient resources, experience and professional rating to provide a reasonable expectation of indemnification in the event of an internal loss resulting from an act or acts of an employee for whom coverage is provided.

(d) In acquiring internal loss protection, whether by bonding, insurance or any other appropriate surety means, the Authority, or its designated broker of record, shall conform to the general requirement for obtaining competitive quotations pursuant to R.C. Chapter 306.

(e) The employees, who may be defined by name or position, to be covered by the Authority's internal loss protection, shall include the General Manager, Chief Executive Officer, any employee designated by statute and any other employee designated by the Board of Trustees or the General Manager, Chief Executive Officer. Amounts of coverage shall be as specified by statute, where applicable, and as determined to be appropriate in all other instances.

(f) Pursuant to R.C. 306.42, the Bylaws of the Greater Cleveland Regional Transit Authority require the Secretary-Treasurer to give a surety bond.

(g) The cost of the protection coverages provided for herein, including the cost of any surety bonds, shall be paid by the Authority.
(Res. 1989-21. Passed 2-21-89; Res. 2016-68. Passed 8-16-16.)

464.03 PERIODIC REVIEW.

Adequacy of the Authority's internal loss protection coverage shall be reviewed at the time of each renewal, and in no event less often than every three years, by the Director of Risk Management. The Director of Risk Management will make recommendations to the General Manager, Chief Executive Officer and the Secretary-Treasurer regarding loss protection coverage. Those changes deemed to be in the public interest shall be made to the coverage.
(Res. 1989-21. Passed 2-21-89; Res. 2016-68. Passed 8-16-16.)

Attachment B to Resolution

460.06 INSURANCE FUND.

(a) The Insurance Fund will be used to provide resources to protect against catastrophic or extraordinary losses. It is not used to pay ordinary and routine losses of the Authority incurred on an on-going basis and handled by the Claims Section of the Legal Department of the Authority.

(b) The Authority is insured through both self-insurance and purchased insurance. Purchased insurance for property and equipment losses as well as for liability is to be purchased on the open insurance market. The basis for the Insurance Fund structure and minimum balance shall be determined annually by the Director of Risk Management.

(c) The minimum balance to be maintained in the Insurance Fund shall be based on the recommendation of the Director of Risk Management, taking into consideration the balance between self-insurance and purchased insurance requirements.

(d) Upon attaining the required minimum balance, additional funds will be allocated to the Insurance Fund during the annual budgeting process based upon the results of periodic reviews of the Insurance Fund to assess its sufficiency. Actual placement of additional funds into the Insurance Fund may occur at any time during the fiscal year when cash flow requirements permit.

(e) In the event that the Insurance Fund is used to pay a catastrophic loss, the Secretary-Treasurer will determine and approve a schedule for replenishment of the Fund up to the minimum amount provided for in subsection (c) hereof. This schedule shall be included in the report(s) provided to the Board of Trustees under Section 242.02 hereof.

(f) At least every two years, an evaluation, including appropriate actuarial studies of the Authority's loss experience shall be conducted. The evaluation will determine the liability to be reflected on the Authority's balance sheet.

(Res. 2011-79. Passed 9-20-11. Res. 2017-121. Passed 12-19-17.)



TITLE/DESCRIPTION: AMENDING CHAPTER 464 PROTECTION AGAINST INTERNAL LOSSES OF PUBLIC ASSETS AND SECTION 460.06 INSURANCE FUND OF THE CODIFIED RULES AND REGULATIONS OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY	Resolution No.: 2024-30
	Date: April 11, 2024
	Initiator: Finance
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This resolution will amend Chapter 464 Protection Against Internal Losses of Public Assets and Section 460.06 Insurance Fund of the Codified Rules and Regulations (“Code Book”) of the Greater Cleveland Regional Transit Authority (“Authority”).
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Policies and Procedures of the Board of Trustees were codified in 1989, pursuant to Resolution No. 1989-176. The Code Book is undergoing a comprehensive review and update so that the Code Book will conform to the current structure and operations of the Authority.

 The proposed revisions to Chapter 464 Protection Against Internal Losses of Public Assets provide for the Secretary-Treasurer to give a bond in accordance with the Ohio Revised Code and the Authority’s Bylaws. At the time of each policy renewal, the Authority will review the adequacy of the internal loss protection coverage and in no event will this review take place less often than every three years.

 The proposed revision to Section 460.06 Insurance Fund will clarify that the Secretary-Treasurer will determine the schedule for replenishment of the Insurance Fund if there is a payment for a catastrophic loss from that fund. In addition, the Secretary-Treasurer will report to the Board regarding the schedule in accordance with the Board’s policies.
- 3.0 **PROCUREMENT BACKGROUND:** Does not apply.
- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** Does not apply.
- 5.0 **POLICY IMPACT:** Adoption of the resolution will align the Code Book provisions with the current operations of the Authority.
- 6.0 **ECONOMIC IMPACT:** Does not apply.
- 7.0 **ALTERNATIVES:** Not adopting this resolution. Not adopting this resolution will leave the Code Book provision out of line with the operations of the Authority.
- 8.0 **RECOMMENDATION:** This resolution was discussed at the April 2, 2024 Committee of the Whole meeting and recommended, subject to clarification of the language in Sections 460.06(e) and 464.03, for consideration by the full Board of Trustees. It is recommended that this resolution be adopted.
- 9.0 **ATTACHMENTS:**
 - A. Red-line of proposed amendments to Chapter 464 Protection Against Internal Losses of Public Assets
 - B. Red-line of proposed amendments to Section 460.06 Insurance Fund

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



General Manager, Chief Executive Officer

Attachment A to Staff Summary

CHAPTER 464
Protection Against Internal Losses of Public
Assets

- 464.01 Purpose and scope.
- 464.02 Policy provisions.
- 464.03 Periodic review and amendment.

CROSS REFERENCES

~~Crime prevention and security—see 49 U.S.C.A. 1620~~
Embezzlement of public funds disqualifies ~~for public~~from holding office - see Ohio
Const.itution, Article II, Section 5
Powers of Board of Trustees; rules and regulations - see R.C. 306.34
Powers and duties of the Authority - see R.C. 306.35
Duties of Secretary-Treasurer; bond - see R.C. 306.42
Theft - see ~~Ohio~~-R.C. 2913.02
Theft in office - see ~~Ohio~~-R.C. 2921.41
Prima-facie evidence of embezzlement - see ~~Ohio~~-R.C. 2945.64
~~Powers of Board of Trustees; rules and regulations—see Ohio R.C. 306.34~~
~~Powers and duties of the Authority—see Ohio R.C. 306.35~~
Secretary-Treasurer – see Bylaws, Article II, Section 8
General Manager, Chief Executive Officer – see Bylaws, Article VIII
Internal audit policies and procedures - see ADM. Ch. 262
~~Security/RTA Police Department~~Transit Police Officers - see ADM. Ch. 280
~~Debt policies—see FIN. Ch. 420~~
~~Duties of Secretary-Treasurer; bond; deposit and disbursement of funds—see Ohio-~~
~~R.C. 306.42~~
~~General Manager/Secretary Treasurer—Bylaws, Article II, Section 8~~

464.01 PURPOSE AND SCOPE.

The policy described in this chapter is designed to afford protection to the Authority against internal losses of public assets resulting from acts by employees whose responsibilities require access to monetary or other resources of significant value, and for protection against loss through acts of fraud by employees.
(Res. 1989-21. Passed 2-21-89.)

464.02 POLICY PROVISIONS.

(a) The Authority shall acquire protection against internal losses of public assets due to acts by employees of the Authority, in such amounts and for such

Attachment A to Staff Summary

employees as may be deemed appropriate to protect the public funds and property ~~entrusted unto~~of the Authority and to comply with ~~the requirements of~~ Ohio law.

(b) The form of internal loss protection ~~to be acquired against internal losses~~ shall be determined by the ~~CEO, General Manager/Secretary-Treasurer, Chief Executive Officer~~ consistent with the needs of the Authority, judicious expenditure of available financial resources and the exercise of good business judgment.

(c) Internal loss Protection-protection coverage in the form deemed most beneficial to the Authority shall be obtained from a ~~highly~~-reputable underwriting company with sufficient resources, experience and professional rating ~~as to afford~~ provide a reasonable expectation of indemnification in the event of an internal loss resulting from an act or acts of an employee for ~~which-whom~~ coverage is provided.

(d) ~~On-In~~ acquiring internal loss protection, whether by bonding, insurance or any other appropriate surety means, the Authority, or its designated broker of record, shall conform to the general requirement for obtaining competitive quotations pursuant to ~~Ohio~~ R.C. Chapter 306.

(e) The employees, who may be defined by name or position, to be covered by the Authority's internal loss protection, shall include the ~~CEO, General Manager/Secretary-Treasurer, Chief Executive Officer~~, any employee designated by statute and any other employee designated by the Board of Trustees or the ~~CEO, General Manager/Secretary-Treasurer, Chief Executive Officer~~. Amounts of coverage shall be as specified by statute, where applicable, and as determined to be appropriate in all other instances.

(f) ~~Notwithstanding the above, the CEO, General Manager/Secretary-Treasurer shall obtain a surety bond to and in favor of the Authority in the penal sum of one hundred thousand dollars (\$100,000) and such bond shall be conditioned upon the faithful performance of the duties of the office. Pursuant to R.C. 306.42, the Bylaws of the Greater Cleveland Regional Transit Authority require the Secretary-Treasurer to give a surety bond.~~

(g) The cost of the protection coverages provided for herein, including the cost of any surety bonds, shall be paid by the Authority.
(Res. 1989-21. Passed 2-21-89; Res. 2016-68. Passed 8-16-16.)

464.03 PERIODIC REVIEW ~~AND AMENDMENT~~.

Adequacy of the Authority's internal loss protection coverage shall be reviewed ~~on a yearly at the time of each renewal, and in no event less often than every three~~

Attachment A to Staff Summary

~~years, basis by the Director of Risk Management. The Director of Risk Management will make recommendations to the General Manager, Chief Executive Officer and the Secretary-Treasurer regarding loss protection coverage, and changes. Those changes deemed to be in the public interest shall be made to the coverage provided as may be deemed to be in the public interest. Amendments shall be made in accordance with the Bylaws of the Greater Cleveland Regional Transit Authority.~~
(Res. 1989-21. Passed 2-21-89; Res. 2016-68. Passed 8-16-16.)

Attachment B to Staff Summary

460.06 INSURANCE FUND.

(a) The Insurance Fund will be used to provide resources to protect against catastrophic or extraordinary losses. It is not used to pay ordinary and routine losses of the Authority incurred on an on-going basis and handled by the Claims Section of the Legal Department of the Authority.

(b) The Authority is insured through both self-insurance and purchased insurance. Purchased insurance for property and equipment losses as well as for liability is to be purchased on the open insurance market. The basis for the Insurance Fund structure and minimum balance shall be determined annually by the Director of Risk Management.

(c) The minimum balance to be maintained in the Insurance Fund shall be based on the recommendation of the Director of Risk Management, taking into consideration the balance between self-insurance and purchased insurance requirements.

(d) Upon attaining the required minimum balance, additional funds will be allocated to the Insurance Fund during the annual budgeting process based upon the results of periodic reviews of the Insurance Fund to assess its sufficiency. Actual placement of additional funds into the Insurance Fund may occur at any time during the fiscal year when cash flow requirements permit ~~same~~.

(e) In the event that the Insurance Fund is used to pay a catastrophic loss, ~~upon a recommendation by the CEO, General Manager/Secretary-Treasurer, the Board of Trustees~~ Secretary-Treasurer will determine and approve a schedule for replenishment of the Fund up to the minimum amount provided for in subsection (c) hereof. This schedule shall be included in the report(s) provided to the Board of Trustees under Section 242.02 hereof.

(f) At least every two years, an evaluation, including appropriate actuarial studies of the Authority's loss experience shall be conducted. The evaluation will determine the liability to be reflected on the Authority's balance sheet.

(Res. 2011-79. Passed 9-20-11. Res. 2017-121. Passed 12-19-17.)