

RESOLUTION NO. 2025-119

AMENDING CHAPTERS 460 AND 842 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, in order to conform the Authority's financial policies to current governance needs, Chapters 460 and 842 of the Codified Rules and Regulations of the Greater Cleveland Regional Transit Authority ("Code Book") must be revised.

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 460 is hereby amended to read as specified in Attachment A hereto.

Section 2. That Code Book Chapter 842 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 460 Financial Policies; Funds
- B. Chapter 1086 Comprehensive Fare Policy

Adopted: December 16, 2025



President

Attest:



Secretary-Treasurer

Attachment A – Resolution

CHAPTER 460 Financial Policies; Funds

460.01 PURPOSE AND SCOPE.

(a) The financial policies described herein are designed to provide a comprehensive framework for the management of the revenues and financial resources of the Authority. They provide guidelines for decision-making by the Board of Trustees and management on how the financial resources of the Authority shall be used to achieve the Authority's mission to provide public transportation services; to meet the obligations of the Authority; and to protect the public interest.

(b) The financial policies established herein cover the following areas:

- (1) General Fund;
- (2) Reserve Fund;
- (3) Capital Improvement Fund;
- (4) Bond Retirement Fund;
- (5) Insurance Fund;
- (6) Supplemental Pension Fund;
- (7) Law Enforcement Fund; and
- (8) Investment of Authority Funds.

(Res. 1998-90. Passed 7-21-98; Res. 2011-79. Passed 9-20-11; Res. 2017-121. Passed 12-19-17.)

460.02 GENERAL FUND.

(a) The General Fund will be used to pay the day-to-day operating obligations of the Authority.

(b) The annual appropriation budget shall be approved by the Board of Trustees by December 31 of each year for the ensuing fiscal year.

(c) Policy goals to measure and/or control operating expenses and revenues will be:

- (1) The goal for the operating ratio (operating revenues divided by operating expenses) is to be at or greater than twenty-five percent with a long-range objective of having operating revenue cover an increasing proportion of operating expenses. Operating revenues shall include passenger fare and advertising and sponsorship revenues. Operating expenses, where applicable, shall be defined to include capitalized operating expenses.
- (2) In order to maintain an adequate fund balance to mitigate current and future risks, the Authority's goal shall be to maintain a general fund

balance of at least one month's operating expenses.

A. In the event that this goal is not maintained, or if the financial forecast projects the ending balance to be below this level, a plan shall be developed to replenish the fund balance.

- (3) The goal for growth in the cost of delivering a unit of service (cost per service hour) will be to remain at or below the rate of inflation.
- (4) The goal for debt service coverage (total operating revenue minus operating expenditures divided by debt service requirements) will be to remain at a minimum of 1.5.

(d) Management shall provide the Board of Trustees with at least quarterly reports on actual versus budget performance for revenues and expenses.

(Res. 2011-79. Passed 9-20-11; Res. 2012-112. Passed 12-18-12. Res. 2017-15. Passed 3-21-17; Res. 2017-80. Passed 9-19-17; Res. 2017-121. Passed 12-19-17; Res. 2020-97. Passed 12-15-20.)

460.03 RESERVE FUND.

(a) A Reserve Fund containing sub-accounts may be established and maintained to protect the Authority from economic downturns.

(b) The Reserve Fund sub-accounts and criteria for management and balances are below.

- (1) Reserve for fuel: Annual savings resulting when actual expenditures are less than the budgeted line item for fuel may be placed in this sub-account to protect the Authority from a significant and continuing rise in fuel prices.
- (2) Reserve for compensated absences: Excess funds from the General Fund may be placed in this sub-account to ensure payment to employees for vacation time that has been earned. This reserve shall not exceed twenty-five percent of the accrued liability for compensated absences.
- (3) Reserve for hospitalization: Excess funds from the General Fund may be placed in this sub-account to protect against substantial cost increases from unfunded mandates or out of the ordinary costs for catastrophic illnesses. The reserve shall not exceed ten percent of annual hospitalization costs.
- (4) Reserve for 27th payroll expense: The authority has two different payroll cycles; one cycle for hourly employees and one for salaried employees. Within each cycle, there is an extra pay date (27th payroll expense) that occurs every twelve years. This reserve shall be funded to the best of the Authority's ability in order to plan for this additional payroll expense.
- (5) A rolling stock replacement fund account may be established to set aside funds to systematically replace aging revenue vehicles. Funds should be amassed in this replacement fund and then transferred to the

Capital Improvement Fund to assist in meeting this major capital requirement.

- (6) Reserve for revenue stabilization: Excess funds from the General Fund may be placed in this sub-account to protect against substantial decreases in revenues. Funds should be amassed in this stabilization fund and then transferred to the General Fund when needed to maintain a one-month ending balance in the General Fund. The Authority shall maintain at least a fifteen-day ending balance in the revenue stabilization fund.
- (7) Reserve for transit-oriented development: Funds received from the sale of real property may be placed in this sub-account for use in transit-oriented development projects.

(Res. 2020-97. Passed 12-15-20; Res. 2021-108. Passed 12-21-21.)

460.04 CAPITAL IMPROVEMENT FUND.

(a) The Capital Improvement Fund shall be used to account for the construction and acquisition of major capital facilities and equipment. It shall include funds to match federal and state grants as well as funds to be used for capital construction and acquisition without the benefit of any grant funding. The Capital Improvement Fund will consist of the RTA Capital Fund and the RTA Development Fund.

(b) Projects that are locally funded, smaller and more routine in nature, generally less than one hundred fifty thousand dollars (\$150,000) and have a useful life not exceeding five years will primarily be budgeted in the RTA Capital Fund.

(c) The RTA Development Fund will consist of projects that are larger, generally greater than one hundred fifty thousand dollars (\$150,000) and have a useful life greater than five years. These projects can be supported through local, federal, and state funding, of which, federal and state funding may require a local match.

(d) The Authority will strive to take advantage of all available state and federal grants and other financing programs for capital improvements including but not limited to State of Ohio public transportation grants, Federal Highway Administration programs, programs of the Federal Transit Administration, and the Federal Emergency Management Agency.

(e) Items that have a useful life in excess of one year and an acquisition cost in excess of five thousand dollars (\$5,000) are considered to be capital expenditures.

(f) An amount of at least ten percent of sales tax revenues shall be allocated to capital improvement on an annual basis. This amount shall be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.

(g) Recognizing that the capital program requires a critical balance between maintenance of existing assets and expansion efforts, the following policy objective will be used to develop the annual capital budget. The percentage goal of capital maintenance outlay to capital expansion outlay will be a minimum of seventy-five percent and maximum of ninety percent.

(Res. 2011-79. Passed 9-20-11; Res. 2017-121. Passed 12-19-17; Res. 2020-97. Passed 12-15-20.)

460.05 BOND RETIREMENT FUND.

(a) The Bond Retirement Fund will be used to provide the funds necessary for the payment of principal and interest on debt obligations.

(b) Each month, sales and use tax revenues in an amount, together with anticipated investment earnings on the amounts deposited, calculated to accumulate sufficient funds to meet the next ensuing principal and interest payments due on the Authority's unvoted general obligation notes and bonds, is deposited in the Bond Retirement Fund. The balance in that Fund will drop to a near zero balance once each year in conformance with federal tax law restrictions on arbitrage earnings.

(Res. 2017-121. Passed 12-19-17.)

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 Risk Manager.

(c) The minimum balance to be maintained in the Insurance Fund shall be based on the recommendation of the Risk Manager, 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 will determine and approve a schedule for replenishment of the Fund up to the minimum amount provided for in subsection (c) 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.)

460.07 SUPPLEMENTAL PENSION FUND.

(a) The Supplemental Pension Fund will be used to account for the assets held by the Authority in a trustee capacity for payment of benefits relating primarily to certain retired employees of the Authority.

(b) Employees covered by the Supplemental Pension Fund include:

- (1) Retirees with pension credit from Cleveland Railway Company;
- (2) Retirees and current employees who later retire from the Authority, having left a predecessor agency to serve in the Armed Forces and resuming employment with that predecessor or the Authority within the time specified;
- (3) Certain retirees on disability pension who retired before August 1, 1982;
- (4) All covered retirees and current employees who later retire from the Authority to the extent of a pension of three dollars (\$3.00) per month;
- (5) Certain surviving spouses of deceased retirees under options selected at retirement.

~~(a)~~ The Authority will determine the amounts required to meet expected obligations of the Supplemental Pension Fund. Any additional funds determined to be needed will be allocated during the annual budgeting process of the Authority. Any excess funds may be transferred to the revenue stabilization fund.
(Res. 2011-79. Passed 9-20-11; Res. 2017-121. Passed 12-19-17.)

460.08 LAW ENFORCEMENT FUND.

(a) The Law Enforcement Fund will be used to account for monies received from the federal government as a result of GCRTA participation in federal law enforcement efforts leading to the seizure and forfeiture of property.

(b) The expenditure of monies from the Law Enforcement Fund shall be in accordance with the guidelines established by the United States Attorney General on seizure and forfeiture of property, and shall be limited to expenditures not otherwise budgeted.
(Res. 2011-79. Passed 9-20-11. Res. 2017-121. Passed 12-19-17.)

460.09 INVESTMENT OF AUTHORITY FUNDS.

(a) Objective. Achieve the maximum financial return for the Authority consistent with prudent market and credit risks while conforming to applicable federal and state laws and consistent with the cash flow requirements of the Authority, matching maturities and/or marketability at par, to meet outstanding obligations and financial commitments.

(b) Selection of instruments of investment is governed by the Ohio Depository Act (Ohio R.C. Chapter 135). Instruments available for investment include, but are not limited to:

- (1) Repurchase agreements of U.S. Government securities and Government-guaranteed agency securities.
- (2) Secured certificates of deposit.
- (3) U.S. Government securities (Treasury bills, notes and bonds).
- (4) Securities of U.S. Government agencies or instrumentalities, such as FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation) and FFCB (Federal Farm Credit Bank).
- (5) State Treasury Asset Reserve of Ohio (Star Ohio) and other funds which may be permitted under Ohio Law.
- (6) Bonds, or other obligations of the State of Ohio, or the political subdivisions of this State, provided that these bonds comply with Ohio R.C. 135.14.
- (7) No-load money market mutual funds consisting exclusively of obligations described in paragraphs (b)(3) and (b)(4) above.
- (8) Commercial paper provided that it complies with Ohio R.C. 135.14.
- (9) Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation with a maximum maturity of 180 days.

(c) Detailed records of all transactions concerning the investment of Authority funds shall be maintained. These records will be maintained in accordance with Chapter 216, Public Records.

(d) Appropriate checks and balances shall be maintained in the decision-making process concerning investment transactions to ensure adequate protection of the public interest and minimize the potential for fraud.

(e) Each month a report summarizing investment transactions and earnings will be prepared for submission to the Board of Trustees.
(Res. 2011-79. Passed 9-20-11. Res. 2017-121. Passed 12-19-17.)

**460.10 DECLARATIONS OF OFFICIAL INTENT AND ALLOCATIONS
RE REIMBURSEMENT OF TEMPORARY ADVANCES FOR
CAPITAL EXPENDITURES FROM SUBSEQUENT
BORROWINGS.**

(a) Definitions. As used in this section:

- (1) "Allocation" means written evidence that proceeds of obligations issued subsequent to the payment of a capital expenditure are to effect the reimbursement of the Authority for such payments.
- (2) "Authorized officer" means the CEO, General Manager/ Secretary-Treasurer of the Authority and any person with authority at the time to exercise functions of the respective office.
- (3) "Capital expenditures" means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Internal Revenue Code of 1986, as amended (hereinafter "the Code"), as well as any costs of issuing reimbursement bonds.
- (4) "Declaration of official intent" means a written declaration that the Authority intends to fund a capital expenditure with an issue of reimbursement bonds and reasonably expects to be reimbursed from the proceeds of such an issue.
- (5) "Issuer" means either a governmental unit that is reasonably expected to issue obligations or a governmental entity or 501(c)(3) organization that is reasonably expected to borrow funds from the actual issuer of the obligations.
- (6) "Reimbursement" means the restoration to the Authority of money temporarily advanced from other funds of the Authority to pay for capital expenditures before the issuance of obligations intended to fund such capital expenditure. "To reimburse" means to make such a restoration.
- (7) "Reimbursement bonds" means obligations that are issued to reimburse the Authority for capital expenditures previously paid by or for the Authority.
- (8) "Reimbursement regulations" means Treasury Regulations § 150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of obligations, when allocated or applied to a reimbursement, will be treated as "spent" for purposes of Sections 103 and 141 to 150 of the Code.

(b) Authorization to Make Declarations of Official Intent and Allocations. Each authorized officer is hereby authorized to make declarations of official intent, which satisfy the reimbursement regulations, on behalf of the Authority, with respect to capital expenditures to be paid from moneys temporarily available that are reasonably expected to be reimbursed (in accordance with applicable authorizations, policies and practices) from the proceeds of reimbursement bonds, and to make timely allocations, which satisfy the reimbursement regulations, of the proceeds of such reimbursement bonds to reimburse prior capital expenditures, and to take or cause to be taken any other actions that may be appropriate to satisfy the requirements of the reimbursement regulations, or any other Treasury regulations, so that proceeds used

for reimbursement will be treated as "spent" on the prior capital expenditures for purposes of Sections 103 and 141 to 150 of the Code. All declarations of official intent and allocations heretofore made on behalf of the Authority are hereby ratified and adopted.

(Res. 1994-226. Passed 12-20-94; Res. 1999-147. Passed 10-26-99; Res. 2017-121. Passed 12-19-17.)

Attachment B – Resolution

CHAPTER 842 Comprehensive Fare Policy

842.01 OBJECTIVES.

The Board of Trustees affirms that the Authority is both a tax-supported public service agency and a business-like enterprise that competes for customers in the marketplace. This dual role sometimes necessitates balancing disparate goals. When establishing and adjusting Authority fares, the Board of Trustees will seek to balance the following general policies, recognizing that an action that furthers one of these policies will sometimes run counter to another one.

(Res. 1996-72. Passed 5-21-96.)

842.02 FARES TAILORED TO MARKET CONDITIONS.

Within the constraints of law and regulation, the Board of Trustees will maximize ridership by using a market-based approach that tailors fares to market conditions. That means:

- (a) Fares for each type of service will be determined by the market segment served and the value provided.
- (b) The fare structure will be reasonable and equitable in the view of the market, including riders, taxpayers and community leaders.
- (c) The timing and amount of fare adjustments will be sensitive to market conditions such as the price of competing services.

(Res. 1996-72. Passed 5-21-96.)

842.03 OPERATING RATIOS; ANNUAL REVIEW OF FARE AND SERVICE LEVELS.

To promote financial stability, the Board of Trustees will strive toward the operating ratio identified in Section 460.02. The operating ratio will be reported quarterly, and fare and service levels will be reviewed annually during the budget process to determine whether adjustments to fares or operating expenses are needed.

(Res. 1996-72. Passed 5-21-96.)

842.04 CONSIDERATION OF COSTS OF SERVICES.

In order to maintain the desired operating ratio system-wide, the Board of Trustees will consider the cost of providing each type of service when establishing or adjusting the fare for that service.

(Res. 1996-72. Passed 5-21-96.)

842.05 TRANSFERS. (REPEALED)

(EDITOR'S NOTE: Section 842.05 was repealed by Resolution 2006-78, passed May 16, 2006)

842.06 PRE-PAID FARES.

The Board of Trustees will encourage the use of discounted pre-paid fare media to increase the Authority's overall share of the travel market. In determining the percentage discount (i.e. the spread between cash fares and pre-paid fares), the Board will take into account that some low-income customers must use cash because they cannot afford to buy pre-paid media.

(Res. 1996-72. Passed 5-21-96.)

842.07 FINANCIAL SUPPORT FOR SERVICE OUTSIDE CUYAHOGA COUNTY.

Since the Cuyahoga County sales tax provides the majority of the Authority's operating funds, service to other counties will be subject to financial support, private-sector subsidies and/or tax support from other jurisdictions.

(Res. 1996-72. Passed 5-21-96.)

842.08 FARE STRUCTURES; EASE OF PAYMENT AND COLLECTION.

The Board of Trustees will avoid fare structures that are too complex to be successfully communicated to customers or administered by Authority staff. However, recognizing the need for innovation, the Authority will continually seek new technology that makes fare payment and collection more convenient for customers and staff.

(Res. 1996-72. Passed 5-21-96.)

842.09 COOPERATION AND COORDINATION OF SERVICES WITH THIRD PARTIES.

As the largest provider of public transportation services in Cuyahoga County, the Authority explores opportunities for joint cooperation and public-private partnerships with third party entities that generate a high volume of ridership and/or manage their own parking demand, such as colleges, universities and large employers. Coordination could involve employer pass subsidies, guaranteed ride home programs and on-site automated fare media dispensers.

(Res. 1996-72. Passed 5-21-96.)