



BOARD OF DIRECTORS
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
BUSINESS MANAGEMENT COMMITTEE
THURSDAY, AUGUST 26, 2021
MARTA HEADQUARTERS
MEETING MINUTES

Committee Chair Roderick Frierson called the meeting to order at 11:11 a.m.

Board Members Present	Staff Members Present
Stacy Blakely	Jeffrey Parker
William Floyd	Rhonda Allen
Roderick Frierson, Chair	Luz Borrero
Al Pond	Elizabeth O'Neill
Reginald Snyder	Raj Srinath
Rita Scott	Ralph McKinney
Thomas Worthy	

Also in attendance: Board General Counsel Justice Leah Ward Sears of Smith, Gambrell & Russell, LLP, MARTA Police Officer, Altagracia Oliva and; other staff members: Kirk Talbott, Donna Jennings, Richard Thomas, Paula Nash, Scott M. Kreher, Jacqueline Holland, Kevin Hurley, Keri Lee, Tyrene Huff and Board Techs, LaTonya Pope, Courtne Middlebrooks, Jonathan Brathwaite, Andre Pendleton, Kristina Jones and Abebe Girmay.

Approval of the July 29, 2021 Business Management Committee Meeting Minutes

Committee Chair Frierson called for a motion to approve the July 29, 2021 meeting minutes. Board Member Worthy made a motion to approve, seconded by Board Member Pond. The minutes were approved unanimously by a vote of 7 to 0.

Fulton County Chairman, Robb Pitts, was introduced by GM/CEO, Jeffrey A. Parker. Commissioner Pitts spoke briefly and thanked MARTA for considering the resolution listed below.

Resolution of the MARTA Board of Directors Encouraging the Deposit of a Portion of Funds Received by MARTA Through Various Pandemic Relief Acts and Other Funds with Minority Owned Financial Institutions that Meet the Authority's Investment Policy Guidelines

Elizabeth O'Neill, Chief Counsel, presented the above resolution for approval. On a motion by Board Member Worthy, seconded by Board Member Floyd, the resolution was approved unanimously by a vote of 7 to 0. Votes were taken by hand because the resolution was presented as item 2 instead of 6 per the meeting agenda.

- Board Chair Scott asked how the minority banks were vetted. Commissioner Pitts advised his team looked at banks specifically in Fulton County, but with MARTA, the coverage area will be broader.

Resolution Authorizing Renewal of Privacy and Network Security “Cyber” Liability Insurance Coverage [Presentation attached]

Donna Jennings, Director of Risk Management, presented the above resolution for approval. On a motion by Board Member Pond, seconded by Board Member Worthy, the resolution was approved unanimously by a vote of 7 to 0.

- Board Member Pond suggested increasing the retention cost of the premium. Donna Jennings advised; her team would look into the cost of the retention. Board Member Floyd asked about the involvement of the insurance companies as it relates to the Authority’s Cyber Security policies and procedures and if a risk analysis was completed. Donna Jennings advised they are heavily involved, and an extensive questionnaire must be completed and submitted. She also stated an analysis can be completed. Board Member Snyder had questions about the exclusions of our policy and Donna Jennings advised an audit is being conducted by AGM, Emil Tzanov, and the Office of Audit. Board Member Floyd stated that the State and Federal Government should be involved somehow. Mr. Jeffrey A. Parker replied we will get the Government Relations Office to look into this. Board Member Pond advised we can have all the protection in the world, but the most important thing we can do is spend money on Cyber Security protection.

Resolution Authorizing a Modification in Contractual Authorization for Desktop Equipment and Deployment Services, P38567-A [Presentation attached]

Kirk Talbott, AGM Technology/CIO, presented the above resolution for approval. On a motion by Board Member Worthy, seconded by Board member Snyder, the resolution was approved by a vote of 7 to 0.

Resolution Authorizing a Modification in Contractual Authorization for Microsoft Premier Support Services, RFP P42625 [Presentation attached]

Kirk Talbott, AGM Technology/CIO, presented the above resolution for approval. On a motion by Board Member Pond, seconded by Board member Floyd, the resolution was approved by a vote of 7 to 0.

Resolution Authorizing a Modification in Contractual Authorization for the Maintenance Agreement for Palo Alto Firewalls, RFP P46995 [Presentation attached]

Kirk Talbott, AGM Technology/CIO, presented the above resolution for approval. On a motion by Board Member Snyder, seconded by Board member Blakely, the resolution was approved by a vote of 7 to 0.

- Board Member Snyder had a question about the vetting process from the insurance carrier relating to Cyber Security. Kirk Talbott advised the configuration submitted is standard and in line with best practices. He advised we currently have the latest and greatest for state-of-the-art equipment.

Briefing – FY 2021 Year End Financial Highlights (Unaudited) [Presentation attached]

Raj Srinath, Chief Financial Officer, presented a briefing on the FY 2021 Year End Financial Highlights.

- GM/CEO Parker stated that he wanted to thank various members on the team for being below budget on overtime. He advised; this is the first year in a long time we were able to achieve this.
- Board Chair Scott had questions about what is included as other revenues. Raj Srinath, CFO, replied that real estate revenues, advertising income, and natural gas revenue credits would be additional revenues. Board Member Floyd asked, do we expect the sales tax receipts to continue to be strong. Raj Srinath advised the forecast appears to continue to be strong.

Adjournment

The Committee meeting adjourned at 11:57 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Tyrene L. Huff". The signature is written in a cursive style.

Tyrene L. Huff
Assistant Secretary to the Board

YouTube Link: <https://youtu.be/xRVlkbfXOJY>

Resolution Authorizing Renewal of Privacy and Network Security “Cyber” Liability Insurance for Policy Period September 15, 2021-2022

Business Management Committee, August 26, 2021

marta 



PURPOSE

- Review basics of “cyber” insurance coverage
- Discuss challenges driving changes in insurance market
- Cost of and changes to coverage



“Cyber” Liability Coverage Basics

- Provides both first party and third-party coverage
- First party coverage is for the policy holder
- Covered costs: Credit monitoring services for customers; PR and reputation management campaigns
- Third party coverage is for legal liability of Authority to another entity or individual
- Covered costs: Regulatory defense costs, PCI fines and penalties



Challenges Driving the Global Cyber Market Today

- Significant uptick since 2019 in ransomware attacks
- Increasing frequency and severity of claims
- Increasing sophistication and morphing nature of cyber- attacks reshaping claim development patterns
- Systemic losses driving concerns with aggregation events (Solar Winds) and supply chain risk (Colonial Pipeline)
- Market contraction
- Insurers now require minimum level of controls to obtain quote



2021- 22 Policy Renewal

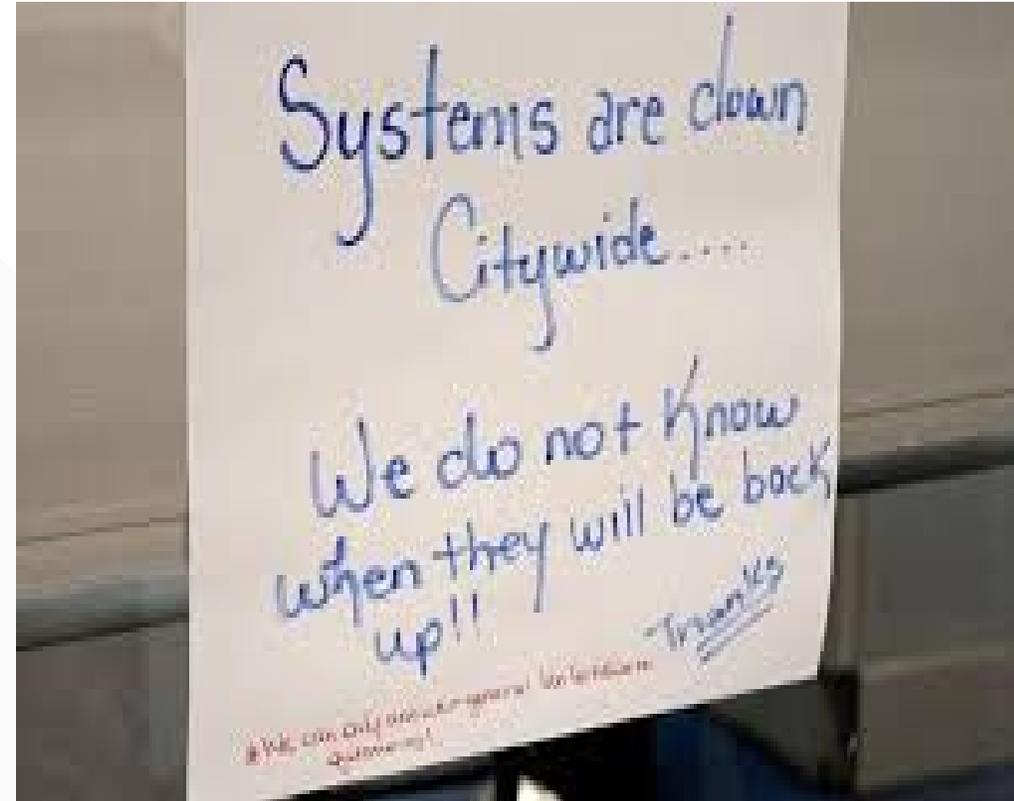
Renewal Strategy

- Start Early- Met with MARSH and MARTA CISO Team in June
- Explored options for changes in structure to control costs and maintain coverage
- CISO Team provided overview of current controls and updates on items in progress
- MARSH Team outlined new information insurers now requiring to obtain quote
- CISO Team provided with ransomware questionnaire to complete for renewal submission



2021-22 Policy Renewal

- Increase retention from \$100,000 to minimum of \$750,000 and maximum of \$1 million dollars
- Maintain \$ 20 million in limits
- Annual cost = \$ 500,000
- Increase in cost year over year of 204% or \$335,360





Thank You



Resolution Authorizing a Modification in Contractual Authorization for Desktop Equipment and Deployment Services, P38567-A

Kirk Talbott, AGM

Department of Technology



Resolution Authorizing a Modification in Contractual Authorization for Desktop Equipment and Deployment Services, P38567-A

This request is for the approval to modify Dell Contract P38567-A that is used primarily to supply PC equipment to MARTA's staff. The Department of Technology is currently working to complete a Windows 10 Operating System (OS) upgrade that will replace Windows 7 Operating Systems (OS) which will not be supported by Microsoft beyond calendar year 2022. The Dell contract is needed to purchase replacement PCs for equipment that cannot be upgraded to Windows 10 OS. The one-year extension will provide the time needed to complete this initiative.

- The current contract term expires 12/18/2021.
- The request is to extend the contract one (1) year from 12/18/2021 to 12/18/2022.
- Add funds in the amount of \$550,000.00 for the extended one-year term
- Update the contract's equipment list with new FY22 model numbers.

Financial and Procurement Considerations

Original Contract Value (3 years):	\$3,251,907.30
One Additional Year Term:	<u>\$550,000.00</u>
Total Contract Value:	\$3,801,907.30

This will be Funded (100%) from FY22 Local Capital funds. We recommend the approval for a one (1) year extension to Dell contract to complete the Windows 10 upgrade replacement that is currently in-progress. The Department of Technology will be seeking approval to solicit a new PC equipment contract for FY23.



Thank You





**Resolution Authorizing a
Modification in Contractual
Authorization for Microsoft
Premier Support Services, RFP
P42625**

Kirk Talbott, AGM
Department of Technology

Resolution Authorizing a Modification in Contractual Authorization for Microsoft Premier Support Services, RFP P42625

This procurement request is for a three (3) year Microsoft Unified Support agreement to provide maintenance for MARTA's purchased Microsoft Enterprise Licenses. Microsoft Enterprise Licenses provide numerous products used for MARTA's daily operational needs such as MS Office (Outlook email, PowerPoint, Excel, Word) SharePoint, Power BI, Azure Cloud Computing and Microsoft Teams. Microsoft product support and maintenance is only provided by Microsoft Corporation.

Microsoft's Unified Support maintenance agreement is required to keep Microsoft's Enterprise Licenses updated with current product releases as well as provide MARTA technical assistance with trouble-shooting and resolving problem issues.

- MARTA's current Microsoft support maintenance agreement is expiring 10/27/2021.
- Technology recommends a three (3) year term Microsoft Unified Support maintenance agreement that will cover the full term of MARTA's three (3) year Microsoft Enterprise License Agreement that expires 5/31/2024.

Financial Considerations

Total cost for the three (3) year Microsoft Unified Support Maintenance Agreement is \$432,800.05.

Current Contract Value (21 months):	\$194,574.35
Three (3) Year term Cost:	<u>\$432,800.05</u>
Total Contract Value	\$627,374.40

Resolution Authorizing a Modification in Contractual Authorization for Microsoft Premier Support Services, RFP P42625

Three Year Cost Summary

Funded 100% from Local Operating Budgets. The annual cost for Microsoft License Unified Support Service is listed below:

Microsoft Unified Support Service Fees	Year 1	Year 2	Year 3	Years 1-3 Total
Microsoft Unified Support Service Fees	\$179,073.18	\$179,073.18	\$106,462.69	\$464,609.05
Subtotal	\$179,073.18	\$179,073.18	\$106,462.69	\$464,609.05
Software Assurance Benefits Discounts	(\$12,447.00)	(\$12,447.00)	(\$6,915.00)	(\$31,809.00)
Total Fees	\$166,626.18	\$166,626.18	\$99,547.69	\$432,800.05



Thank You





**Resolution Authorizing a
Modification in Contractual
Authorization for the
Maintenance Agreement for
Palo Alto Firewalls, RFP
P46995**

Kirk Talbott, AGM

Department of Technology





Resolution Authorizing a Modification in Contractual Authorization for the Maintenance Agreement for Palo Alto Firewalls, RFP P46995

The Palo Alto Firewalls secure critical applications such as Oracle, Automatic Fare Collections (AFC) and other core business systems by ensuring MARTA’s sensitive data is protected against viruses and hackers. Palo Alto Firewalls provide the ability to effectively inspect, identify and control encrypted traffic as it passes to/from the internet. The firewalls block malicious traffic from entering and leaving MARTA’s network. The maintenance support for the Palo Alto Firewalls is essential to ensure that the software has current updates to enable the firewalls to be the most effective as well as technical support from Palo Alto when needed.

MARTA’ current Palo Alto Firewalls maintenance contract is expiring on September 28, 2021.

- Annual cost for the one (1) year extension is \$370,701.52.
- Funded 100% from the operating budgets.

The Department of Technology is recommending the modification of the Palo Alto Firewalls contract RFP P46995 with Layer 3 Communications, LLC extend one (1) year to September 28, 2022.

Current Contract Value (1 year):	\$ 370,701.52
Extended One (1) Year Term Cost:	\$ 370,701.52
Total Modified Contract Value:	\$ 741,403.04



Thank You





Preliminary Unadjusted Financial Highlights

FY2021 Year End

FY2021 Year End Operations Performance

June 30, 2021

(\$ in Millions)

	Actual	Budget	Variance	
	\$	\$	\$	%
Net Revenues	650.0	624.5	25.5	4.1%
Net Expenses	510.7	557.9	47.2	8.5%
Net Surplus	139.3	66.6	72.7	

COMMENTS

- Net Revenues are favorable to budget by \$25.5M through June 2021
- Net Expenses are favorable to budget by \$47.2M through June 2021
- The net surplus from July 2020 through June 2021 is \$139.3M as compared to a \$66.6M YTD budgeted surplus
- Please note that CARES Act Revenue of \$196.4M and Sales Tax Revenue of \$262.9M are both key drivers in performance of the revenues

FY2021 Year End Operating Revenues and Expenses

June 30, 2021

(\$ in Millions)

	Actual	Budget	Variance	
	\$	\$	\$	%
REVENUES				
Sales Tax	262.9	241.9	21.0	8.7%
Title Ad Valorem Tax	33.4	25.0	8.4	33.6%
Federal Assistance	79.7	81.9	(2.2)	-2.7%
Federal Assistance-CARES Act	196.4	150.0	46.4	30.9%
Passenger Revenue	51.1	104.7	(53.6)	-51.2%
Lease Income	9.8	9.2	0.6	6.5%
Station Parking	0.6	2.6	(2.0)	-76.9%
Other Revenues	16.1	9.2	6.9	75.0%
Net Operating Revenues	650.0	624.5	25.5	4.1%
EXPENSES				
Salaries and Wages	245.9	259.8	13.9	5.4%
Overtime	27.6	28.8	1.2	4.2%
Total Benefits	124.7	145.9	21.2	14.5%
Contractual Services	78.4	92.3	13.9	15.1%
Total Materials and Supplies	40.3	45.0	4.7	10.4%
Other Non-Labor	43.4	36.2	(7.2)	-19.9%
Contingency	0.0	19.5	19.5	100.0%
Gross Operating Expenses	560.3	627.5	67.2	10.7%
Less: Capital Charges	49.6	69.6	(20.0)	-28.7%
Net Operating Expenses	510.7	557.9	47.2	8.5%

REVENUE COMMENTS – YTD revenues are \$25.5M above budget

- Sales tax performance is \$21.0M above budget. MARTA Budget estimates are a 6.4% reduction from the GSUEFC forecast
- CARES Act Revenues year-to-date are \$46.4M greater than budget due to expenses eligible for reimbursement being higher than initially budgeted
- Passenger Revenue is \$53.6M below budget primarily due to the impact of COVID-19
- Other Revenues are \$6.9M higher than budget due to receiving multiple years of the Natural Gas tax credit in FY2021

EXPENSE COMMENTS – YTD expenses were \$47.2M under budget

- Salaries and wages are below budget by \$13.9M primarily due to vacancies (approximately 437 Vacant Positions)
- Total benefits are a combined \$21.2M below budget for the year due to a large number of vacancies
- Contractual services are \$13.9M below budget largely due to the COVID-19 driven reduction in ridership resulting in lower contractual service costs for paratransit operations
- Other Non-Labor includes an increase in reserves for litigated matters

Current Month Operations Performance

June 30, 2021

(\$ in Millions)

	Actual	Budget	Variance	
	\$	\$	\$	%
Net Revenues	72.5	53.6	18.9	35.3%
Net Expenses	57.4	63.5	6.1	9.6%
Net Surplus/(Deficit)	15.1	(9.9)	25.0	

COMMENTS

- Revenues are \$18.9M above budget for the month due to higher than budgeted CARES Act draw of 29.3M
- Expenses are \$6.1M below budget for the month primarily from Salaries and Wages performing under budget
- The net surplus is \$15.1M which is \$25.0M above the budgeted deficit of \$9.9M for the month

Current Month Operating Revenues and Expenses

June 30, 2021

(\$ in Millions)

	Actual	Budget	Variance	
	\$	\$	\$	%
REVENUES				
Sales Tax	23.7	21.0	2.7	12.9%
Title Ad Valorem Tax	2.8	2.3	0.5	21.7%
Federal Assistance	3.8	6.1	(2.3)	-37.7%
Federal Assistance-CARES Act	29.3	12.5	16.8	134.4%
Passenger Revenue	11.4	10.0	1.4	14.0%
Lease Income	0.8	0.8	0.0	0.0%
Station Parking	0.1	0.2	(0.1)	-50.0%
Other Revenues	0.6	0.7	(0.1)	-14.3%
Net Operating Revenues	72.5	53.6	18.9	35.3%
EXPENSES				
Salaries and Wages	19.6	21.3	1.7	8.0%
Overtime	2.1	2.4	0.3	12.5%
Total Benefits	15.4	11.9	(3.5)	-29.4%
Contractual Services	11.1	7.6	(3.5)	-46.1%
Total Materials and Supplies	2.4	3.7	1.3	35.1%
Other Non-Labor	8.3	3.0	(5.3)	-176.7%
Contingency	0.0	19.5	19.5	100.0%
Gross Operating Expenses	58.9	69.4	10.5	15.1%
Less: Capital Charges	1.5	5.9	(4.4)	-74.6%
Net Operating Expenses	57.4	63.5	6.1	9.6%

REVENUE COMMENTS – Monthly revenues are \$18.9M above budget

- Sales tax performance is \$2.7M above budget
- Passenger Revenues are \$1.4M above budget due to recognition of deferred revenue
- CARES Act Revenue is \$16.8M greater than budget due to expenses eligible for reimbursement being higher than initially budgeted

EXPENSE COMMENTS – Monthly expenses are \$6.1M below budget

- Salaries and wages are below budget by \$1.7M
- Total Benefits are \$3.5M higher than budget due to a number of large medical claims in the month of June
- Contractual services are \$3.5M above budget due to inclusion of year-end accruals
- Other Non-Labor includes an increase in reserves for litigated matters



Thank You

