We're Here to Get You There!

Greater Lynchburg Transit Company

Board Meeting Packet

July 16th, 2026

8:30 a.m. - 10:00 a.m. | 800 Kemper St. Lynchburg, VA 24501

GLTC Board Meeting Agenda

July 16, 2026, | 8:30 – 10:00 a.m. | 800 Kemper St, Lynchburg, VA 24501

CALL TO ORDER & APPROVAL OF MINUTES

- Roll call to confirm quorum and remote voting.

COMMITTEE & PARTNER REPORTS

- GLTC Finance Committee met for the first time June 19, 2026; approved three documents for Board recommendation: Fund Balance Policy, City MOU Revised Draft, and City Employee Transit Service Agreement.
- Requests Board approval to begin negotiations with the City (reps: Christopher Hackman, Josh Moore, Donna Klein).
- Recommends adding capital-purchase verbiage to the MOU.

GENERAL MANAGER'S REPORT / FINANCIAL & RIDERSHIP

Not available at this time.

PUBLIC COMMENT

- Speakers state name for the record; 3-minute limit.
- Group representatives: 5-minute limit; state group name for the record.

VOTING ITEMS

(A) FY-27 Proposed Budget

(B) GLTC Sub-Finance Committee Recommendations:

- Fund Balance Policy
- City MOU Revised Draft
- City Employee Transit Service Agreement

NEW BUSINESS

(A) City of Lynchburg response to General Manager request

(B) Service change update

PRESIDENT'S REPORT / ADJOURNMENT

On June 22, 2026, a Freedom of Information Act (FOIA) request was sent to the City seeking records in an accessible format related to the proposed multimodal study and the $500,000 transferred out of GLTC reserves in 2020. As of this report, the City has not complied with that request. I am currently working with attorney Mary Beth Nash to determine next steps, which may include follow-up correspondence to the City or further legal action to compel compliance. I will keep the Board updated as this progresses and will bring any recommendations for Board action or items necessary for the Board's attention to a future meeting as needed.

NEXT MEETINGS

Board Meeting
August 5, 2026 · 8:30 a.m.
800 Kemper St, GLTC Board Room

Work Session
August 20, 2026 · 8:30 a.m.
800 Kemper St, GLTC Board Room

BOARD OF DIRECTORS

Cameron Howe — President
Tab Sprouse — Vice President
Ben Blanks — Secretary/Treasurer
Brian Landergan
Gary DuPriest
Andre Miller
Christopher Hackman
Valerie Holmes
Mercedes Braun

Correspondence: GLTC Board of Directors,

P. O. Box 11286, Lynchburg, VA 24506

June 30th, 2026

Re: FY27 Proposed Budget

Dear GLTC Board of Directors,

GLTC Staff have taken the information known as of this date and prepared a budget for Fiscal Year 2027.

Revenues:

GLTC Operating Assistance from DRPT will increase this year, as well as total DRPT funds will go up due to TRIP funding for the Flex microtransit service. This also includes funding for Lynchburg Police Department officers and our Finance Intern.

Federal Operating Assistance has increased slightly. We are still using more 5307 than we are receiving in our allocation and will likely exhaust the banked funds that we have already been allocated by FY28.

The CVCC contracted amount decreased slightly based on their usage of the Universal Pass during FY26.

Fare Collection for Fixed Route, County Operating Assistance, and Non-operating revenue have remained the same.

Paratransit fares, Advertising, and City Operating Assistance have increased. This includes the City's same contribution as the previous year at $1,879,308 as well as $800,000 from the GLTC reserve for operations and $500,000 held by the City for consultant work.

Expenses:

All fringe benefit expenses are higher this year than previously due to the 34% increase realized in FY25, 24% in FY26, and projecting a 24% increase in FY27.

Wages for all employees have been set at 2%. Staff will be negotiating with the Union again in the Summer of 2026 to determine wages and if there are changes that may be enacted in the health insurance coverage to allow for better cost savings while keeping a health insurance plan that is competitive.

Maintenance expenses other than wages and fringes are set to remain at current levels although we expect continued volatility in parts pricing. Fuel has remained the same due to potential pricing volatility.

Changes to the Administration line items of Utilities, Other Materials and Supplies, and Miscellaneous are expected to increase this year. Staff has worked to realize savings by reducing expenses, changing vendors, and capitalizing costs where possible, but increasing costs for hosted services and changes in ownership of longstanding vendors continue to negate most efficiencies. Utilities are expected to increase, with the largest costs likely in water and sewer service.

Capital:

Contracts from DRPT have not been distributed yet and final numbers are not available for the previously proposed capital projects. These will be brought back to the board during the August meeting for final totals and approvals.

Summary:

Overall, the FY27 Proposed Budget is an increase of 8% from our Adopted FY26 budget with most of the costs being driven by employee health insurance. Additionally, with the proposed low wage growth, GLTC will slip behind Roanoke and Charlottesville in Operator pay. This may exacerbate the current Operator shortage as it will be more difficult to attract new operators when there are other options within driving distance.

This budget will fund all GLTC services as currently scheduled and allow for the resumption of Sunday service when we have recruited enough operators to reliably restore service.

Please do not hesitate to reach out if you have any questions.

Sincerely,

Joshua A. Moore

Josh Moore
General Manager

GREATER LYNCHBURG TRANSIT COMPANY

CENTRAL VIRGINIA TRANSIT MANAGEMENT CO, INC.

Draft Appropriated Fiscal Year 2027 Operating Budget

REVENUE	FY2027 APPROPRIATED BUDGET	FY2026 ADOPTED BUDGET	% Change
FRT Passenger Revenue	$ 481,000	$ 481,000	-
DRT Passenger Revenue	$ 63,500	$ 37,500	69.3%
Contracts (CVCC Access)	$ 48,800	$ 51,036	(4.4%)
Non-Operating Revenue	$ 65,000	$ 65,000	-
Advertising Revenue	$ 116,000	$ 85,000	36.5%
City Operating Assistance	$ 2,679,308	$ 1,879,308	42.6%
County Operating Assistance	$ 91,575	$ 91,575	-
State Operating Assistance	$ 2,806,153	$ 2,585,094	8.6%
Federal Operating Assistance	$ 4,536,344	$ 4,810,253	(5.7%)
TOTAL REVENUE	**$ 10,887,680**	**$ 10,085,766**	**8.0%**
	$ -		

EXPENSES	FY2027 APPROPRIATED BUDGET	FY2026 ADOPTED BUDGET	% Change
FIXED ROUTE			
Operator Labor	$ 1,924,144	$ 1,886,416	2.0%
Operator-Overtime	$ 240,518	$ 235,802	2.0%
Other Salaries & Wages	$ 561,821	$ 550,805	2.0%
Supervisors-Overtime	$ 23,459	$ 22,999	2.0%
Fringe Benefits	$ 1,669,295	$ 1,346,206	24.0%
TOTAL FIXED ROUTE	**$ 4,419,237**	**$ 4,042,228**	**9.3%**
DEMAND RESPONSE			
Operator Labor	$ 413,666	$ 405,555	2.0%
Operator-Overtime-PTS	$ 11,933	$ 11,699	2.0%
Other Salaries & Wages	$ 133,632	$ 131,012	2.0%
Fringe Benefits	$ 344,496	$ 277,820	24.0%
TOTAL DEMAND RESPONSE	**$ 903,727**	**$ 826,086**	**9.4%**
MAINTENANCE			
Other Salaries & Wages	$ 923,093	$ 904,993	2.0%
Inspection&Maint,Srvc-Overtime	$ 55,898	$ 54,802	2.0%
Fringe Benefits	$ 621,970	$ 501,589	24.0%
Fuel & Lubricants	$ 900,234	$ 900,201	0.0%
Tires & Tubes	$ 100,000	$ 100,000	-
Other Materials & Supplies	$ 425,000	$ 445,000	(4.5%)
TOTAL MAINTENANCE	**$ 3,026,195**	**$ 2,906,585**	**4.1%**
ADMINISTRATION			
Other Salaries & Wages	$ 570,525	$ 559,338	2.0%
Fringe Benefits	$ 327,533	$ 264,140	24.0%
Services	$ 568,283	$ 568,283	-
Utilities	$ 265,103	$ 259,803	2.0%
Casualty & Liability Expenses	$ 270,867	$ 270,867	-
Information Technology	$ 346,500	$ 222,436	55.8%
Other Materials & Supplies	$ 98,886	$ 86,000	15.0%
Miscellaneous	$ 90,824	$ 80,000	13.5%
TOTAL ADMINISTRATION	**$ 2,538,521**	**$ 2,310,867**	**9.9%**
TOTAL EXPENSES	**$ 10,887,680**	**$ 10,085,764**	**8.0%**
NET INCOME/(LOSS)	**$ -**	**$ -**	

The following documents were approved by the Board of Directors on
July 16th, 2026

EMPLOYEE TRANSIT SERVICE AGREEMENT

between the

CITY OF LYNCHBURG, VIRGINIA

and the

GREATER LYNCHBURG TRANSIT COMPANY, INC.

Purchase of Transit Service for City Employees

Effective Date: ____________________

[DRAFT — For Discussion and Negotiation Purposes Only — Not Approved or Executed]

RECITALS

WHEREAS, the Greater Lynchburg Transit Company, Inc. ("GLTC") provides fixed-route, paratransit, and microtransit public transportation services in the City of Lynchburg (the "City") and the surrounding region;

WHEREAS, employees of the City of Lynchburg ("City") have historically ridden GLTC fixed-route service at no charge under an informal arrangement that is not documented by any written agreement, generates no revenue to GLTC, and produces no measurable contribution toward the local share of GLTC's state and federal grant funding;

WHEREAS, GLTC maintains written purchase-of-service agreements with other institutional partners under which the partner pays GLTC for unlimited employee or student ridership, and such contract service revenue is reportable by GLTC as locally generated operating revenue;

WHEREAS, the Memorandum of Understanding between the parties (the "MOU") provides that any transit service furnished to City employees at no charge or at a reduced fare shall be governed by a written service agreement comparable to GLTC's agreements with other institutional partners;

WHEREAS, the parties wish to place the City employee ridership program on the same documented, compensated footing as GLTC's other institutional partnerships, to the mutual benefit of the City (an employee benefit, reduced parking demand, and support of the transit system the City owns) and GLTC (operating revenue creditable toward local share);

NOW, THEREFORE, the parties agree as follows:

SECTION 1. SERVICE PROVIDED

1.1 GLTC shall provide unlimited rides on all GLTC fixed-route services, during all regular service hours, to Eligible Riders presenting valid credentials as described in Section 3. Paratransit and microtransit services are not included in this Agreement and remain subject to GLTC's generally applicable fares and eligibility rules, unless added by written amendment.

1.2 "Eligible Riders" means current employees of the City of Lynchburg. The parties may by written amendment extend eligibility to other categories (for example, retirees or interns), with a corresponding adjustment to the Annual Service Fee.

1.3 Nothing in this Agreement obligates GLTC to alter routes, schedules, or service levels. Service changes adopted by the GLTC Board through its normal public process apply equally to Eligible Riders.

SECTION 2. ANNUAL SERVICE FEE

2.1 Fee. The City shall pay GLTC an Annual Service Fee for each Agreement Year (July 1 – June 30). The Annual Service Fee for the first Agreement Year is $____________ [negotiation range: $50,000–$60,000], based on the methodology in Section 2.2.

2.2 Methodology. The Annual Service Fee is calculated as the product of (a) projected annual Eligible Rider boardings, based on the most recent twelve (12) months of credential-tap data (or, for the first Agreement Year, the parties' joint good-faith estimate), and (b) a per-boarding rate equal to GLTC's regular adult base fare, less the same institutional discount applied in GLTC's comparable partner agreements. The methodology, inputs, and resulting fee shall be documented in Exhibit A and updated annually.

2.3 Invoicing. GLTC shall invoice the City every month, payable within thirty (30) days. Late amounts bear interest at the rate applicable to past-due sums under Virginia law.

2.4 Source of Funds. The Annual Service Fee shall be paid from City general fund or other non-federal, non-state-transit-assistance revenue sources. The Fee shall not be paid or offset from the Special Reserve Fund to Support Transit Operations, from GLTC funds of any kind, or from any federal funds, and shall not reduce or be netted against the City's annual operating contribution to GLTC under the MOU.

SECTION 3. CREDENTIALS AND ELIGIBILITY ADMINISTRATION

3.1 Eligible Riders shall board by using their GLTC FlexFare app (or equivalent), or a GLTC-issued pass linked to the City program. Each boarding shall be recorded through GLTC's fare collection system so that program ridership is separately countable.

3.2 The City is responsible for loading monthly passes each month to current employees that they issue credentials to, and shall promptly deactivate or recover credentials of separated employees. The City is responsible for misuse of credentials by persons to whom the City issued them.

SECTION 4. REPORTING, LOCAL MATCH TREATMENT, AND AUDIT

4.1 GLTC shall report program ridership and revenue to the GLTC Board at least quarterly and shall include the program in its annual report to the City under the MOU.

4.2 Local Match Treatment. The parties acknowledge that payments under this Agreement constitute contract service revenue of GLTC — comparable in character to GLTC's other institutional purchase-of-service agreements — and that GLTC intends to report such revenue as locally generated operating revenue creditable toward the local share of state and federal grant programs, to the extent permitted by the Virginia Department of Rail and Public Transportation ("DRPT") and the Federal Transit Administration ("FTA"). The City shall reasonably cooperate, including by confirming the non-federal source of funds, in any certification or documentation DRPT or FTA requires. If DRPT or FTA determines that all or part of the revenue is not creditable toward local share, that determination does not affect the City's payment obligation, but either party may request renegotiation of the Fee methodology under Section 6.2.

4.3 Each party shall retain records relating to this Agreement — including tap data, invoices, payments, and credential counts — for not less than seven (7) years and shall make them available to the other party, and to DRPT or FTA upon request, within fifteen (15) business days of a written request.

SECTION 5. TERM AND TERMINATION

5.1 The initial term is one (1) Agreement Year, renewing automatically for successive one-year terms unless either party gives written notice of non-renewal at least one hundred twenty (120) days before the end of the then-current term.

5.2 Either party may terminate for material breach not cured within thirty (30) days of written notice. Upon any termination or non-renewal, free or discounted ridership by City employees ceases as of the termination date, and Eligible Riders thereafter pay GLTC's generally applicable fares, consistent with the MOU.

SECTION 6. GENERAL PROVISIONS

6.1 Relationship to MOU. This Agreement is subordinate to the MOU. In the event of conflict, the MOU controls. This Agreement does not modify the City's operating contribution, local match obligations for capital projects, or any provision governing the Special Reserve Fund.

6.2 Adjustment and Amendment. Either party may request renegotiation of the Fee methodology upon a material change in GLTC's fare structure, a change in DRPT or FTA local-share treatment, or a change in City employee headcount of more than twenty percent (20%). Amendments require a written instrument approved by the GLTC Board and authorized as required for the City.

6.3 Miscellaneous. This Agreement is governed by the laws of the Commonwealth of Virginia, is severable, and is a public record to be posted on both parties' websites within fifteen (15) business days of execution.

EXHIBIT A — FEE METHODOLOGY WORKSHEET (TO BE COMPLETED)

- Twelve-month Eligible Rider boardings (or first-year joint estimate): ______
- GLTC regular adult base fixed-route fare: $____________
- Institutional discount applied in comparable partner agreements: ________%
- Per-boarding rate (fixed route fare less discount): $____________
- Annual Service Fee (boardings × fixed route rate): $____________

SIGNATURES

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Agreement as of the Effective Date.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

By: ______________________________________ Date: ________________
Board President

By: ______________________________________ Date: ________________
General Manager

CITY OF LYNCHBURG, VIRGINIA

By: ______________________________________ Date: ________________
City Manager

By: ______________________________________ Date: ________________
Approved as to form: City Attorney

GREATER LYNCHBURG TRANSIT COMPANY
FUND BALANCE AND BUDGETARY RESERVE POLICY

[REVISED DRAFT — aligned with the GLTC–City MOU Negotiation Draft — for Board consideration]

PURPOSE

This policy states the goals of the Greater Lynchburg Transit Company (“GLTC”) Board of Directors (the “Board”) regarding the level of unrestricted fund balance maintained in the General Fund on GLTC’s own books (the “Fund Balance”). The Fund Balance is one of three distinct funds and must not be confused with the other two:

- the Special Reserve Fund to Support Transit Operations, which is held by the City and governed by the MOU — including its floor, target, maximum, and the consent required for any use (the "Reserve Fund"); and
- the City's own general fund balance, which is separate from both the Reserve Fund and the Fund Balance and is not addressed by this policy.

The unrestricted Fund Balance is GLTC’s working capital for the ongoing operation of the system and is subject to the limits set by this policy. Maintaining an adequate fund balance ensures that GLTC can:

- provide sufficient cash flow for daily operations and for outlays — such as grant-funded expenditures — made before reimbursement is received from the Federal Transit Administration (FTA) or the Virginia Department of Rail and Public Transportation (DRPT);
- fund unforeseen expenditures arising from emergencies; and
- absorb economic downturns or volatility that reduce farebox or other operating revenue.

RELATIONSHIP TO THE CITY–GLTC MOU

The Memorandum of Understanding (the “MOU”) between GLTC and the City of Lynchburg (the “City”) governs the Special Reserve Fund to Support Transit Operations held by the City (the “Reserve Fund”), including its floor, target, and the consent required for any use. This policy governs GLTC’s internal management of unrestricted fund balance.

The Reserve Fund and the Fund Balance serve complementary purposes and are governed separately: the MOU governs the Reserve Fund, and this policy governs the Fund Balance. They are not aggregated, pooled, or measured as a single combined amount. To prevent both double-counting and unintended gaps, every provision of this policy applies only to the Fund Balance unless it expressly refers to the Reserve Fund, and any draw on the Reserve Fund remains subject to the request, documentation, and approval requirements of the MOU. If this policy conflicts with the MOU, the MOU controls.

BACKGROUND

GLTC was incorporated in 1974 as an independent public service corporation organized to provide mass transportation, with the corporate power to hold property, to apply for and accept federal and state grants, and "...have the power to carry on all other business activities incidental to the purpose of the corporation provided such activities are not prohibited by law." Its original Articles of Incorporation did not establish a fund balance or a reserve policy, and GLTC has not maintained a formal one since. Over the subsequent decades the financial relationship between GLTC and the City evolved in a way that left GLTC without the ability to independently set aside and manage operating reserves. The inability to reserve funds for unexpected operating and capital expenses have harmed the agency repeatedly, particularly during periods of supply-price volatility or government shutdowns. This policy will be reviewed at least annually, so that it reflects current operating scale, the local economy, the outlook for federal and state funding, and price volatility for major materials and supplies.

POLICY

Reserve Floor, Target, and Maximum

GLTC will maintain a Fund Balance of no less than one (1) month of GLTC's budgeted operating expenses, including operating transfers (the "Floor"), with a target of three (3) months (the "Target"), measured against GLTC's adopted operating budget. The appropriate level within this range will be set annually during the budget process. The Fund Balance constitutes GLTC's working capital and its first-line protection against emergencies and economic downturns, because it is the reserve GLTC holds and controls directly.

The Reserve Fund's floor, target, and maximum are established by the MOU and are measured separately; nothing in this policy combines the Reserve Fund with the Fund Balance. In setting the Fund Balance level each year, the Board will take into account the protection already provided by the Reserve Fund, so that GLTC neither under-reserves nor carries duplicative balances — but the two funds remain separately measured and separately governed.

Use of Fund Balance

In an emergency, fund balance may be appropriated for use through a resolution, supplemental budget, or adjusted budget adopted by the Board. Examples of qualifying uses include, but are not limited to:

- a federal government shutdown or other event delaying disbursement of FTA or DRPT grant funds;
- accidental loss of a revenue or utility vehicle;
- fuel price volatility;
- unanticipated capital expenditures, including facility repairs;
- deductibles for insurance claims;

- an economic downturn resulting in lower farebox revenue; and
- loss of a funding source.

Any use of the City-held Reserve Fund, rather than the Fund Balance, must also satisfy the request, documentation, and approval requirements of the MOU.

Year-End Surplus Transfers

At the end of each fiscal year, surplus funds shall be applied in the following order: (a) while the Fund Balance is below the Floor, the full surplus shall be retained until the Floor is restored; (b) once the Floor is met, surplus up to two and one-half percent (2.5%) of the total budget for the fiscal year shall be added to the Fund Balance until it reaches the Target; and (c) any amount remaining after these retentions may be applied to accelerated debt or liability reduction, to capital outlay, or returned to the City. Any return of funds to the City shall be made with written notice to the Board, recorded in the minutes of both the Board and City Council, and in accordance with the MOU.

Replenishing Deficiencies

If the Fund Balance falls below the Floor, the Board must adopt, within six (6) months, a restoration plan to correct the shortage within twelve (12) months, or within such a longer period (not to exceed thirty-six (36) months) as the Board determines to be necessary and prudent. Restoration plans may include reducing recurring expenditures to eliminate a structural deficit, increasing revenues or pursuing other funding sources, increasing year-end surplus contributions to the Fund Balance, or a combination of these and other strategies.

Surplus Above the Target

Should combined reserves exceed the Target, the excess shall be treated as one-time funding available for appropriation to nonrecurring expenses during the annual budget process. Appropriate uses include accelerated debt or liability reduction and capital outlays — such as bus or facility replacement or programmed capital expansion — where any resulting ongoing costs are anticipated and reflected in GLTC's Capital Improvement Program or the 5 Year Capital Plan. Surplus designated for capital investment will be transferred to the Capital Projects Fund.

BOARD-DESIGNATED BUDGETARY RESERVES

The Board may establish specific budgetary reserves for large multi-year capital expenses as it deems prudent. The General Fund operating contingency may be appropriated for other significant expenditures that become necessary and could not reasonably have been foreseen or planned for in the budget.

APPLICABILITY AND PRIORITIZATION OF FUND BALANCE USE

This policy governs the management of unrestricted fund balance. Portions of fund balance may be restricted for legal or contractual reasons. When an expenditure is incurred for a purpose for which both restricted and unrestricted amounts are available, it is the policy of GLTC to consider restricted amounts to have been reduced first.

IMPLEMENTATION AND REVIEW

Upon adoption of this policy, the Board authorizes the General Manager to establish any standards and procedures necessary for its implementation. The General Manager and the Finance and Grants Manager shall review this policy at least annually — including the Floor and Target calculations against the adopted operating budget — and recommend any changes to the Board for adoption.

Adopted by the GLTC Board of Directors: ____________________ (signed by Board Chair)

Date:___________

Resolution No. _______________

MEMORANDUM OF UNDERSTANDING

between the

CITY OF LYNCHBURG, VIRGINIA

and the

GREATER LYNCHBURG TRANSIT COMPANY, INC.

Regarding the Financial Relationship Between the Parties, Including Operating and Capital Funding, Grant Local Match, and Administration of the Special Reserve Fund to Support Transit Operations

Effective Date: ____________________

[DRAFT — For Discussion and Negotiation Purposes Only — Not Approved or Executed]

RECITALS

WHEREAS, the Greater Lynchburg Transit Company, Inc. ("GLTC") is a not-for-profit stock corporation created in 1974, of which the City of Lynchburg (the "City") is the sole stockholder, and is the public transportation provider for the City and surrounding region, providing fixed-route, paratransit, and microtransit services;

WHEREAS, GLTC is a component unit of the City for financial reporting purposes, and the GLTC Board of Directors (the "Board"), whose members are approved by City Council, bears independent fiduciary responsibility for the governance, financial oversight, and operational continuity of the transit system;

WHEREAS, the parties entered into a Memorandum of Understanding executed July 18, 2012 (the "2012 MOU") governing the annual operating contribution, local match for capital purchases, disposition of operating deficits and surpluses, and the establishment and administration of a Special Reserve Fund to Support Transit Operations;

WHEREAS, GLTC's annual operating budget has grown from approximately $6 million in 2012 to more than $10.8 million, and the 2012 MOU no longer reflects the scale of GLTC's operations, the requirements of state and federal grant programs administered by the Virginia Department of Rail and Public Transportation ("DRPT") and the Federal Transit Administration ("FTA"), or the procedures necessary to govern the use of reserve funds;

WHEREAS, the parties wish to establish a clear, durable, and mutually agreed framework for their financial relationship, to be administered prospectively from the Effective Date, while reserving the reconciliation of historical transactions to a separate agreement as described in Section 9;

NOW, THEREFORE, the City and GLTC agree as follows:

SECTION 1. PURPOSE, RELATIONSHIP OF THE PARTIES, AND SUPERSESSION

1.1 The purpose of this Memorandum of Understanding ("MOU") is to record the financial relationship between the City and GLTC, including: (a) the City's annual operating contribution;

(b) the City's local match for capital projects and grant applications; (c) the establishment, custody, funding, and use of the Special Reserve Fund to Support Transit Operations; (d) the treatment of year-end operating surpluses and deficits; and (e) the notice, consent, reporting, and dispute-resolution procedures applicable to those matters.

1.2 Nothing in this MOU alters GLTC's status as a component unit of the City for financial reporting purposes, subverts the authority of City Council to determine appropriations through the annual budget process, or diminishes the fiduciary obligations of the GLTC Board of Directors to the transit system, its riders, and its employees.

1.3 Supersession; Preservation of Claims. This MOU supersedes and replaces the 2012 MOU prospectively from the Effective Date. Rights, obligations, and claims of either party arising from acts, omissions, or transactions occurring before the Effective Date — including any use of, or accounting for, the Special Reserve Fund prior to the Effective Date — are expressly preserved and are not waived, released, or extinguished by this MOU. Such matters shall be addressed through the Reconciliation and Settlement Agreement described in Section 9.

SECTION 2. DEFINITIONS

2.1 "Reserve Fund" means the Special Reserve Fund to Support Transit Operations established under the 2012 MOU and continued under this MOU.

2.2 "Reserve Floor" means the minimum balance of the Reserve Fund, equal to one (1) month of GLTC's budgeted operating expenses for the then-current fiscal year (approximately one-twelfth of the annual operating budget), as recalculated each year upon adoption of GLTC's operating budget. In no event shall the Reserve Floor be less than $850,000.

2.3 "Reserve Target" means three (3) months of GLTC's budgeted operating expenses for the then-current fiscal year, toward which the Reserve Fund shall be built over time as provided in Section 6.

2.4 "Fund Balance Policy" means the GLTC Fund Balance and Budgetary Reserve Policy adopted by the Board, as amended from time to time, governing GLTC's internal management of unrestricted fund balance.

2.5 "Fiscal Year" means July 1 through June 30.

2.6 References to the "Director of Financial Services" mean the City's chief financial officer, by whatever title designated, and references to the "General Manager" mean GLTC's chief executive, by whatever title designated.

SECTION 3. ANNUAL OPERATING CONTRIBUTION AND NOTICE

3.1 The City will annually provide a contribution to GLTC for operating expenses. The amount of the contribution will be determined through the City's annual budget process and appropriated from City general fund or other City revenue sources. The City's operating contribution shall not be satisfied, in whole or in part, from the Reserve Fund or from any other funds held for GLTC's benefit, except with the prior consent of the Board as provided in Section 5.6.

3.2 Notice Calendar. Recognizing that DRPT grant applications are generally due February 1 and that federal regulations require GLTC to provide 90 to 120 days' public notice before implementing major service changes, the City shall provide the General Manager and Board Chair:

(a) by January1 of each year, a written preliminary indication of the City operating contribution expected to be included in the City Manager's proposed budget for the next Fiscal Year;

(b) by February 1 of each year, a joint work session will be scheduled with GLTC Board and City Council to be conducted before the release of the City Manager's proposed budget;

(c) written notice of the proposed contribution upon release of the City Manager's proposed budget; and

(d) written notice of the adopted contribution within five (5) business days of budget adoption.

3.3 Consultation on Reductions. If the City contemplates an operating contribution for the next Fiscal Year that is lower than the current year's adopted contribution, or any change in funding source, market volatility, or structure that would materially affect GLTC operations or grant eligibility, the City Manager (or designee) shall meet with the Board Chair and General Manager before the proposed budget is released, so that service, grant, and federal-notice implications can be identified and presented to City Council together with the proposal.

3.4 Budget documents published by the City shall accurately identify the source of all funding to or affecting GLTC, including whether amounts originate from the City general fund, the Reserve Fund, grant revenue, or other sources. The City shall update the City's budget once GLTC's budget is appropriated. The City shall correct any published documents with updated information from a funding source within fifteen (15) business days after written notice from GLTC.

3.5 GLTC shall operate within its annual adopted budget. Should extenuating circumstances require additional funding, the General Manager shall submit a formal written request to the Director of Financial Services, who shall prepare a Council agenda item for City Council consideration. The Board shall be informed of any such request before it is submitted.

SECTION 4. CAPITAL FUNDING AND GRANT LOCAL MATCH

4.1 The City will provide the local match for GLTC's capital program. The amount of the local match will be determined through the City's annual budget process and included in the City's Capital Improvement Program ("CIP").

4.2 Local Match Reliability. Upon GLTC's written request, and in time to meet DRPT and FTA application deadlines, the City shall provide a written confirmation of local match availability for each grant application in which GLTC must attest to the availability of local matching funds. Once GLTC has submitted a grant application or attestation in reliance on a City local-match commitment, the City shall not reduce, redirect, or withdraw that commitment without the prior written consent of the Board. If a committed match must nevertheless be modified, the parties shall jointly determine the required notifications to DRPT, FTA, or other funding agencies before any change takes effect.

4.3 Capital funds and operating funds shall be accounted for and reported separately. Capital appropriations carried forward from prior fiscal years for multi-year projects shall be identified as carryforward amounts in budget documents and distinguished from new appropriations. Neither party's staff shall transfer funds between GLTC capital and operating accounts without prior Board approval.

4.4 When the close-out of a GLTC capital project (*the project is completed)* the unexpended amount *(when there are still local funds that the City has not disbursed yet)* shall be applied towards new or existing Capital projects, and the transfer for such project(s) shall be reported to the Board and reflected in the quarterly statement described in Section 7.1.

SECTION 5. SPECIAL RESERVE FUND TO SUPPORT TRANSIT OPERATIONS

5.1 Purpose

The Reserve Fund exists solely to protect the continuity of transit operations. Its permitted uses are limited to:

- temporary cash-flow needs arising from delayed reimbursement of federal, state, or other grant funds;
- unanticipated revenue shortfalls or operating disruptions beyond GLTC's reasonable control;
- declared emergencies or other extraordinary circumstances requiring immediate expenditure to maintain service; and
- local match for unanticipated capital purchases, where approved in advance by both the Board and City Council.

The Reserve Fund shall not be used to fund recurring or budgeted operating expenses of either party, to balance the City budget, or for planning, study, audit, or other purposes that are municipal or regional in nature.

5.2 Custody and Accounting

5.2.1 The Reserve Fund shall be held by the City in a separately identified committed fund balance account, in trust for the exclusive benefit of GLTC transit operations. All amounts in the Reserve Fund, whether above or below the Reserve Floor, are held for that exclusive purpose and may not be transferred, appropriated, drawn upon, reclassified, or otherwise used for any other purpose by either party except as expressly provided in this Section 5.

5.2.2 Interest or investment earnings attributable to the Reserve Fund balance shall be credited to the Reserve Fund at least annually, consistent with the City's pooled-investment accounting practices.

5.3 Reserve Floor and Annual Review

5.3.1 The Reserve Fund shall be maintained at no less than the Reserve Floor and shall not exceed six (6) months of the annual budgeted operating subsidy provided by the City. The

Board shall review the Reserve Fund, the Reserve Floor calculation, and progress toward the Reserve Target annually, and the parties shall jointly review the adequacy of the Reserve Floor formula at least every five (5) years.

5.4 GLTC-Requested Draws (Temporary Advances)

5.4.1 GLTC may request funds from the Reserve Fund as temporary financial assistance. Each request shall be made in writing by the General Manager to the Director of Financial Services and shall document the reason for the cash shortage, the amount requested, and the expected repayment date. The Board shall be informed of every such request. The advance period shall typically be no more than ninety (90) days; any advance not repaid within the same Fiscal Year requires Board approval of an extended repayment schedule by resolution.

5.4.2 Each advance shall be recorded in both parties' financial systems as a receivable/payable — not as revenue or an appropriation — and shall appear in the quarterly statement described in Section 7.1 until repaid.

5.5 Draws Below the Reserve Floor

5.5.1 The Reserve Fund may not be drawn below the Reserve Floor except upon: (a) a resolution of the Board adopted at a duly noticed public meeting identifying the extraordinary circumstance requiring the draw; (b) written notice to the City Manager and Director of Financial Services within five (5) business days of the Board's action; and (c) a written restoration plan, adopted by the Board, restoring the Reserve Fund to the Reserve Floor within twelve (12) months, or such longer period (not to exceed thirty-six (36) months) as the Board and City Council jointly approve.

5.6 City-Initiated Use Prohibited Without Board Consent

5.6.1 No City official, staff member, budget proposal, or City Council action may transfer, appropriate, draw upon, or commit any portion of the Reserve Fund — whether above or below the Reserve Floor — without the prior consent of the Board by resolution adopted at a duly noticed public meeting. Any City request for such consent shall be made in writing to the Board Chair and General Manager no later than ninety (90) days before the start of the Fiscal Year in which the use is proposed, and shall identify the amount, the purpose, the funding-source disclosure to be made in City budget documents, and, for any use that functions as an advance, a repayment plan consistent with Section 5.4.

5.6.2 The inclusion of a proposed use of the Reserve Fund in a City proposed or adopted budget does not constitute, substitute for, or compel the Board consent required by this Section.

SECTION 6. YEAR-END OPERATING SURPLUS AND DEFICIT

6.1 Determination. During the annual audit, the parties shall determine GLTC's operating surplus or deficit, defined as the difference between total operating revenues (including grants and the City contribution) and total operating expenses.

6.2 Surplus. Any operating surplus shall be applied in the following order: (a) first, to restore the Reserve Fund to the Reserve Floor, if below it; (b) second, to repay any outstanding advances under Section 5.4; (c) third, retained and allocated by GLTC in accordance with its

Fund Balance Policy, including deposits to the Reserve Fund up to the Reserve Target; and (d) fourth, any remainder applied as the parties agree in writing, which may include accelerated debt reduction, capital outlay, or return to the City. No surplus shall be transferred to the City general fund or treated as City revenue without the Board's written authorization.

6.3 Deficit. If GLTC projects an operating deficit, the General Manager shall notify the Board and the Director of Financial Services in writing as soon as practicable and no later than ninety (90) days before Fiscal Year end. The parties shall jointly determine whether to address the deficit through supplemental City funding, a temporary advance under Section 5.4, service adjustments (with not less than one hundred twenty (120) days' notice before implementation, consistent with federal requirements), or a Board-authorized draw on the Reserve Fund as a last resort. When the audited result is a deficit not otherwise funded, the City shall record a payable to GLTC and the amount shall be included as a separate line item in the following year's City budget as a contribution to GLTC, consistent with prior practice under the 2012 MOU.

SECTION 7. REPORTING AND RECORDS BETWEEN THE PARTIES

7.1 Quarterly Reserve Statement. Within thirty (30) days after the close of each fiscal quarter, the City shall provide the General Manager and Board a statement of the Reserve Fund showing the opening balance, all transactions (deposits, draws, advances, repayments, interest credits, and reclassifications), and the closing balance, together with a comparison to the Reserve Floor.

7.2 GLTC Reporting. GLTC shall provide the City its annual audited financial statements and an annual report reconciling budget to actual results and confirming the year-end Reserve Fund balance. GLTC's internal financial reporting to its Board is governed by Board policy, not this MOU.

7.3 Records. Each party shall retain, for not less than seven (7) years, all records of appropriations, budget amendments, Reserve Fund transactions, advances and repayments, local-match commitments, and correspondence relating to funding commitments or changes, and shall produce such records to the other party within fifteen (15) business days of a written request. This obligation is independent of, and in addition to, each party's obligations under the Virginia Freedom of Information Act.

SECTION 8. SUMMARY OF REQUIRED APPROVALS

For convenience, and without limiting the substantive provisions above, the following actions require the approvals indicated. If this Section conflicts with any other Section, the other Section controls.

Action	Required Approval
GLTC-requested temporary advance, repaid within the Fiscal Year (§5.4)	*A half a month's worth of operating expenses or less:* General Manager written request; Director of Financial Services authorization; report to Board

	A more than a half a month's worth of operating expenses: Board resolution; Director of Financial Services Authorization; report to City Council
Advance extending beyond the Fiscal Year (§5.4.1)	Board resolution
Any draw below the Reserve Floor (§5.5)	Board resolution + restoration plan; joint approval for restoration beyond 12 months
Any City-initiated use of the Reserve Fund, above or below the Floor (§5.6)	Council resolution + restoration plan; board resolution, upon 90 days' written notice; joint approval for restoration beyond 12 months
Use of Reserve Fund as capital local match (§5.1)	Board and City Council approval
Reduction or withdrawal of a committed grant local match after GLTC attestation (§4.2)	Board written consent
Transfer between GLTC capital and operating accounts (§4.3)	*A half a month's worth of operating expenses or less:* General Manager written explanation documented at next GLTC Board meeting *A more than half a month's worth of operating expenses:* Board approval
Transfer of any surplus to the City general fund (§6.2)	Board written authorization
Amendment of this MOU (§11.3)	Board resolution + City Council authorization

SECTION 9. RECONCILIATION OF HISTORICAL TRANSACTIONS

9.1 The parties acknowledge that questions exist regarding transactions affecting the Reserve Fund and related receivable/payable balances during the period from July 1, 2012 to the Effective Date, including transactions reflected in ledger records produced in response to prior records requests. These matters shall be addressed in a separate Reconciliation and Settlement Agreement, to be negotiated in good faith and executed within one hundred twenty (120) days of the Effective Date, which shall: (a) reconcile all Reserve Fund transactions and outstanding receivable/payable balances; (b) identify whether required authorizations existed for each draw or transfer; (c) establish any repayment, restoration, or offset schedule; and (d) be reviewed by counsel for both parties and made publicly available upon execution.

9.2 The execution of this MOU is not conditioned on completion of the Reconciliation and Settlement Agreement, and nothing in this MOU limits either party's rights or remedies with respect to pre-Effective-Date matters pending that agreement.

SECTION 10. RELATED AGREEMENTS AND COORDINATION

10.1 Employee Transit Service. Any transit service provided to City employees at no charge or reduced fare shall be governed by a separate written service agreement between the parties, comparable to GLTC's agreements with other institutional partners, specifying trip volumes, value, invoicing or local-match treatment, and reporting. No such program shall be implemented or continued absent that agreement.

10.2 Planning Coordination. The parties shall coordinate transit-related planning through existing regional processes, including the Lynchburg Multimodal Plan administered through the Central Virginia Transportation Planning Organization, and shall not use Reserve Fund moneys for planning activities, consistent with Section 5.1.

SECTION 11. DISPUTE RESOLUTION; TERM; AMENDMENT; TERMINATION

11.1 Dispute Resolution. Any dispute arising under this MOU shall first be addressed through good-faith negotiation between the General Manager and the Director of Financial Services. If unresolved within thirty (30) days, the dispute shall be escalated to the Board Chair and the City Manager. If still unresolved after an additional thirty (30) days, the parties shall convene a joint meeting of City Council and the Board, and either party may thereafter pursue mediation or any available legal remedy.

11.2 Term and Review. This MOU takes effect upon execution by both parties and remains in effect until superseded by a subsequent agreement or terminated. The parties shall jointly review this MOU no later than two (2) years after the Effective Date and at least every five (5) years thereafter.

11.3 Amendment. This MOU may be amended only by a written instrument approved by Board resolution and authorized by City Council, and signed by the Board Chair and the City Manager.

(a) By GLTC. GLTC may terminate this MOU by not less than one hundred eighty (180) days' written notice.

(b) By the City. The City may terminate this MOU only by written notice of not less than twenty-four (24) months, with termination effective only as of the end of a Fiscal Year, and only after each of the following has occurred: (i) a joint meeting of City Council and the Board, held within sixty (60) days after the notice, at which the grounds for and consequences of termination — including service, grant, and federal-compliance impacts — are publicly presented; (ii) restoration of the Reserve Fund to not less than the Reserve Floor; (iii) repayment or written settlement of all outstanding advances and receivable/payable balances between the parties; (iv) execution of the Reconciliation and Settlement Agreement described in Section 9, if not already executed; and (v) written agreement between the parties on the disposition of the Reserve Fund balance. A notice of termination given before these conditions are satisfied is effective to start the notice period, but termination shall not take effect until all conditions are satisfied.

(c) By Mutual Agreement. The parties may terminate this MOU at any time, on terms they agree, by a written instrument approved by Board resolution and authorized by City Council.

(d) Survival. No termination affects: commitments on which grant attestations to DRPT or FTA were made, which survive for the duration of the applicable grant period and the useful life of any federally or state-funded asset; the records obligations of Section 7.3, which survive for the full retention period; the preservation of claims under Section 1.3; or any claim accrued before the effective date of termination. Pending the effective date of any termination, all provisions of this MOU — including Section 5 — remain in full force.

SECTION 12. GENERAL PROVISIONS

12.1 Entire Agreement. This MOU constitutes the entire agreement of the parties with respect to its subject matter from and after the Effective Date, subject in all respects to the preservation of claims in Section 1.3 and the reconciliation process in Section 9.

12.2 Governing Law. This MOU is governed by the laws of the Commonwealth of Virginia.

12.3 Severability. If any provision of this MOU is held invalid or unenforceable, the remaining provisions remain in full force and effect.

12.4 No Waiver. No failure to enforce any provision constitutes a waiver of the right to enforce that or any other provision.

12.5 Public Record. This MOU is a public record and shall be posted on both parties' websites within fifteen (15) business days of execution.

12.6 Notices. Notices under this MOU shall be in writing and delivered by email with confirmation, or by U.S. mail, to the City Manager and Director of Financial Services (for the City) and to the Board Chair and General Manager (for GLTC), at the addresses each party designates in writing.

SIGNATURES

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Memorandum of Understanding as of the Effective Date.

GREATER LYNCHBURG TRANSIT COMPANY, INC.

By: ______________________________________ Date: _________________
Board President

By: ______________________________________ Date: _________________
Secretary-Treasurer

CITY OF LYNCHBURG, VIRGINIA

By: ______________________________________ Date: _________________
City Manager

By: ______________________________________ Date: _________________
Director of Financial Services

By: ______________________________________ Date: _________________
Approved as to form: City Attorney

President's Report

On June 22, 2026, a Freedom of Information Act (FOIA) request was sent to the City seeking records in an accessible format related to the proposed multimodal study and the $500,000 transferred out of GLTC reserves in 2020. As of this report, the City has not complied with that request. I am currently working with attorney Mary Beth Nash to determine next steps, which may include follow-up correspondence to the City or further legal action to compel compliance. I will keep the Board updated as this progresses and will bring any recommendations for Board action or items necessary for the Board's attention to a future meeting as needed.