



**MASS TRANSPORTATION AUTHORITY
MINUTES OF THE FEBRUARY 21, 2008 BOARD MEETING**

- PRESENT:** Paul Newman, Chairman, Richard Abrams, Joe Conroy, Rose Bogardus, Mike Zelle, Carolyn Sims (Arrived at 8:05 A.M.)
- STAFF:** Robert Foy, Suzanne Shepherd, Jerry Ragsdale, Charlene Kowalski, Terry Jurrens, Gerold Latsch, Lynn McLean
- GUEST:** Tom Gruno, Joe Cozart, Teachout Security, Allen Honeycutt, Terry Sowers, Securitas Security, Holly Klaft, Flint Journal, Peggy Jury, Plante & Moran, Jonathan Hintz, Moto Tech, LLC.
- ABSENT:** John Northrup, Paul Luttenbacher

Chairman Newman called the meeting to order at 8:00 A.M.

Comments of the Public

Tom Gruno, Executive Vice President Teachout Securities stated that Teachout Security has provided security services for the MTA for the past fifteen year. Item number four on the agenda is Resolution #08-25 asking for authorization for the General Manager to enter into a contract with Securitas Security Services to provide those same services at the Mass Transportation Authority. Mr. Gruno asked that the Board deny that authorization for a few reasons. Teachout Securities is a Flint based company. They are a locally owed company employing 200 people in Genesee County. Mr. Gruno believes the decision to change companies was financially driven because the dollar amount of the contract is slightly less than what Teachout Securities proposed to continue to provide service at the transit center downtown. They believe that the difference in the dollar amount is not enough for the risk that the Mass Transportation Authority would take by switching companies. The transition could become a hostile environment.

Mr. Gruno also pointed out that money that is paid to his security company for the services they provide through the MTA is reinvested into Genesee County. They are headquartered in Flint and have five offices throughout Michigan. Mr. Gruno asked that if there is not enough time for the Board to consider this, that the resolution be tabled until the next meeting so that the Board does have time to reconsider the proposal.

Terry Sowers, Area Vice President Securitas Security stated that their main corporate headquarters is in Sweden but their corporate headquarters and corporation is in the USA and

they have been operating previously under the names of Pinkerton, Burns Security for over 150 years. They have branch offices located throughout Michigan and there is a branch office here in Flint. They have over 400 offices in the United States. Securitas Security does have experience in the transit business. Securitas does the security for the Chicago Transit Authority, which is a much bigger operation than the Mass Transportation Authority, as well as all of the security for General Motors and Delphi. Securitas does employ citizens from Genesee County and from the City of Flint so the money is going back into the city. Some profit is going back to the corporate office in the US and some does go back to Sweden but they are in fact a US based operation.

Mr. Sowers stated that in this industry security officers are afforded the opportunity to go with the new vendor. If those employees meet their standard, they will hire them if they want to come onboard with them. Mr. Sowers stated that if the Board has to take the time and delay the decision that is the Board choice but Securitas Security is here and they provide a very quality service.

Mass Transportation Authority FY 2007 Audit

Peggy Jury, Plante & Moran stated that she went through great detail of the audit report with the Finance Committee so she will just hit the high lights. As a note to the Board this is an unqualified opinion. In layman's terms, it is a clean opinion. Because the MTA received over \$500,000 in Federal funds a single audit was done. Typically this report would have been issued in December but this year the State of Michigan came out with a new audit guide and one of the steps in that new audit guide is that you tie your annual audit to the quarterly reports called OAR that goes into the State. Once we tied that into MTA's last quarterly OAR we have issued the audit report. So both the audit report and the reports that go to the State are all in agreement. With the new audit guide the State is requiring many more schedules. Those schedules are split by urban, rural and any other grant that MTA receives.

Ms. Jury stated that a three-year comparison report is done. Current assets went down slightly because MTA did not have as much receivables from the State of Michigan and Federal government because last year MTA had many more receivables for projects. Capital assets have gone up consistently from 2005. Current liabilities are down in line with the current assets. The important part that MTA has been working on for years is under the net assets area. MTA's unrestricted assets have gone from \$170,000 in 2005 to a little over \$1.1 million in 2007.

In operating revenue, passenger fares increased by \$800,000. Likewise operating expenses are up due mostly to gas and oil. To cover the cost MTA has non-operating revenue. Property tax is now up to \$9.8 million, state grants are up and federal grants are down. Over all the change in net assets is about \$4 million.

In the past for many, many years, MTA has always had a line of credit for \$2 million. Typically MTA has paid that because you received an advance from the State of Michigan in October that paid down the line of credit. This year is the first year in many years that MTA did not have to draw on that advance because the line of credit was down to \$850,000 and MTA can now support with its own cash flow the needs of the transportation.

Plante & Moran also furnishes MTA with an overall of Federal grants and financial statements. There were no material weaknesses in the internal controls. There was one significant deficiency on how the state grant is recorded. We have worked with management and management has already corrected that for this current year and they will be adjusting that state grant on a quarterly basis. The auditee qualified as a low-risk auditee. This is very important because depending if you are a low-risk auditee or not, depends on the amount of work that is required in your single audit.

Mr. Abrams moved, supported by Mr. Conroy to accept the Mass Transportation Authority FY 2007 Audit Report. Motion passed unanimously.

Minutes of the January 17, 2008 Regular Board Meeting

Mr. Conroy moved, supported by Ms. Bogardus to approve the minutes of the January 17, 2008 Regular Board Meeting. Motion passed unanimously.

Minutes of the January 15, 2008 Finance Committee Meeting

Mr. Abrams moved, supported by Mr. Zellely to approve the minutes of the January 15, 2008 Finance Committee. Motion passed unanimously.

Resolution #08-15 of intent to apply for financial assistance for fiscal year 2009 under Act 51 of the public acts of 1951, as amended and appoint Robert J. Foy, General Manager as the Transportation Coordinator, for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51 for 2009.

Mr. Foy stated that this is a routine resolution that merely declares our intent to request funding from the State under Act 51 for FY 2009.

Mr. Zellely moved, supported by Mr. Abrams to approve Resolution #08-15. Motion passed unanimously.

Resolution #08-25 authorizing the General Manager to enter into an agreement with Securitas Security Services, to provide Security Services for a total cost not to exceed \$415,334.40.

Mr. Abrams stated that the Finance Committee reviewed this item and therefore he would move Resolution #08-25. Mr. Conroy supported for purposes of discussion.

Mr. Foy stated that this is for providing the security services for the Mass Transportation Authority. We went through the process of requesting proposals. Those proposals were evaluated and it was determined on the basis of the ability of individuals to perform the service, that price was the consideration that we were primarily concerned with. One of the things that we always have to be concerned about, because we do to the best of our ability want to insure that we are providing local input into the process from the standpoint of awarding contracts to local people wherever it is appropriate, but we have to be cautious of the fact that the money is Federal and State dollars that will not allow us to give local preference in terms of the allocation of contracts. Because of where the money comes from, we have to be very careful about the

legal issues that are associated with the rights of all parties involved. In this particular case we awarded, because both parties are qualified, therefore on the lowest price.

Ms. Bogardus stated that she has some concerns in regards to the transition from one company to another. Somebody who has been on the job will be familiar with the people going in and out of the building and she feels there is a security issue in any transition to a different company. For that reason, Ms Bogardus would not be voting for the proposal.

Mr. Conroy stated that in the City of Flint there is preferential status for residency of a business for contracts that is 5%. There is a benefit for a business to be a residency.

Mr. Foy stated that it is the use of Federal and State money that causes our concern. If you have Federal and State dollars, they direct what we do and that overrides what local decisions are made. If we were using all local money, and there were no Federal or State dollars involved, it would be a different situation.

Mr. Conroy stated that by not taking this bid you run the risk of eliminating competition down the road in other bid processes. You don't want to get into the position of being known as an agency that doesn't deal straight up with the parties that didn't do the bidding and spending money to get their proposals in.

Jerry Ragsdale, MTA Assistant General Manager-Administration stated that the requirement is that if our agency is funded in whole or part by Federal or State funds, we must follow the Federal and State procurements of any procurement over \$100,000. So we cannot give local preference under our contracts because in our triennial review that would be an issue they would review. If they find that we are in violation they could issue that we have to pay all the money back involving any funding, so it is a critical issue. We would all like to award contracts to only local firms but we are prohibited unless we want to quit receiving Federal or State funds.

In addition, all seven of the proposals were qualified to provide the service. As we indicated, it came down to price. We did meet with Securitas and discussed the transition issues and we have no concern with that. We still have the Downtown Development Authority that will be on sight and they do a lot of supervision of our security force there at the transfer center. They will still be on duty during the transition and part of the training.

Discussion was held in regards to the scoring of the proposals.

Mr. Foy stated that under normal circumstances the points would be the determining factor. When it comes back to Mr. Foy they have to defend why they would take one versus the other. In this particular case, their recommendation was different than the final recommendation that came out. Mr. Foy did not feel that their justification was sufficient enough to override the fact of selecting the lowest bidder.

Ms. Sims stated that she thinks these evaluations are too subjective. If this is a legal protest than we should stop and get more information. Ms. Sims feels that we are doing a miss service to the community by not maintaining this particular contract.

Chairman Newman stated that if he is hearing correctly that based upon the requirements of state and federal government MTA is required to take the low bid.

Mr. Ragsdale stated that if they are all qualified, than price is the concerning factor.

Mr. Foy stated that getting the most for the community that we can with the dollars that are entitled to us is what this is all about.

After further discussion Mr. Zelley stated that he personally prefers local vendors and Teachout has done a very good job over the last fifteen years. It sounds like they are both competent and as much as he would like to say there isn't that much difference in scoring, what we are hearing is that we are putting the organization at risk if the Federal government does not allow us to have any preference and it has to be on cost. His strong concern is that he does not want to put the organization at risk by not taking the lowest bid if that is what we are required to do.

Mr. Abrams made a motion to postpone this resolution pending further information. The Articles of Incorporation say that we must have five yes votes in order for a resolution to pass. Ms. Bogardus supported. The motion failed.

Chairman Newman stated that we would now vote on the motion to approve Resolution #08-25.

A roll call vote was taken. Paul Newman, Richard Abrams, Mike Zelley, Joe Conroy voted yes. Rose Bogardus and Carolyn Sims voted no.

Chairman Newman stated that the vote was four yeses and two no's. Therefore the motion failed.

Chairman Newman stated that he would like legal council to give his opinion on whether we have to have five yes votes and if this is correct that we take action to bring this issue back to the Board in March.

Resolution #08-26 authorizing the General Manager to enter into an agreement with Moto Tech, LLC, to provide project management and Engineering to manage the design, development, implementation, deployment, and operation of a hydrogen generation fuel station in an amount not to exceed \$300,000.00.

Mr. Foy stated that Moto Tech is an offshoot of the faculty of Kettering University. The technical expertise provided by Moto Tech generally comes through Kettering University. The purpose is to deal with a hydrogen fueling station project. In order for us to move this project along, it requires that we have the kind of project management and the assistance necessary to give us the technical expertise. We are asking permission to enter into a contract with Moto

Tech to provide the management service, which would include the design effort that is necessary for the actual hydrogen technology.

Jonathan Hintz, Moto Tech, LLC stated that the project management is important but that the key important item is the engineering aspect, than the research and development aspect, then the education aspect. Because of the affiliation that Moto Tech has with the advance technology and fuel cell incubator at Kettering University, they are able to bring the faculty and staff at Kettering as well as other Universities and the students into the actual design and operation of the facility. The project management, because of their involvement at the fuel cell and advance technology level, can reach out to other Universities and governmental agencies that are involved in hydrogen research. Moto Tech brings a large package to the research and development side and the engineering side at the beginning of the project and not at the end.

Mr. Foy stated that the design and development of this hydrogen fueling station is a major technological advancement that we are part of making happen. We need the kind of expertise that Moto Tech can provide to us and the talents of the students at Kettering University to make facility improvements. Presently we have \$2.5 million already committed to this project. The total program is going to require about another \$1.3 million and we are working towards getting that in 2009. This project has tremendous implications for helping us develop Flint as the center point for fuel cell technology.

After some discussion, Mr. Abrams moved, supported by Ms. Bogardus to approve Resolution #08-26. Motion passed unanimously.

Resolution #08-27 authorizing the General Manager to enter into an agreement with Genesee County for implementation of a Pilot "Door-Through-Door" Transportation Program, for a period of one (1) year, in the amount of \$231,580.00, funded from the Genesee County Senior Millage Program, subject to the review and approval of the Mass Transportation Authority's attorney.

Mr. Abrams moved, supported by Ms. Bogardus to approve Resolution #08-27.

Mr. Conroy asked what this program was.

Mr. Zellely stated that this is having a personal attendant to help senior citizens get through the door and into their house and vice versus to get into the van.

Mr. Zellely asked when would we know as a pilot program that this is something that will be successful and utilized by the senior population?

Mr. Foy stated that we would be submitting a written report at the end of the one-year period with the results of the test year. At that point in time a decision would be made on the continuation of the program.

Mr. Foy also stated that it is our recommendation that the attendant care service would be done by other organizations in Genesee County that currently provide services to seniors, such as VAAA (Valley Area Agency on Aging). We feel there is an appropriate role in this community for private non-profit agencies to provide attendant care services into the home.

Motion passed unanimously.

Annual Investment Report
Performance Indicators 1st Quarter
General Manger's Report
January, 2008 Income/Expense Statement
January, 2008 Ridership Statistic Report
January, 2008 Complaint Statistic Report

Chairman Newman asked what the Boards pleasure was on agenda items 7 through 12?

Mr. Conroy moved, supported by Mr. Abrams to accept the Board Agenda Items 7 through 12.
Motion passed unanimously.

Comments of Board Members

Chairman Newman stated that we are going to have legal council give us an interpretation on the vote this morning and that whatever information the Board would like to see be gathered by staff and brought back to the March Board meeting.

Ms. Bogardus asked that we move the Finance Committee meeting to another day because it runs into a conflict with the Genesee County Board of Commissioners meeting on Tuesday mornings. Richard Abrams, Chairman of the Finance Committee stated that we would try holding the Finance Committee meeting on the Monday morning before the scheduled Board meeting at 8:00 A.M.

Adjournment

Meeting was adjourned at 10:18 A.M.