



It is the mission of the Ann Arbor Transportation Authority to provide useful, reliable, safe, environmentally responsible, and cost-effective public transportation options for the benefit of the Greater Ann Arbor Community.

Approved Minutes

March 15, 2012

Ann Arbor Transportation Authority

Board of Directors Meeting

Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan, 6:30 p.m.

Board Members Present: Jesse Bernstein (Chair), Eli Cooper, Charles Griffith, Roger Kerson, David Nacht

Absent with Notice: Anya Dale, Sue Gott

Staff Present: Terry Black, Ron Copeland, Dawn Gabay, Michael Ford, Jan Hallberg, Mary Stasiak, Chris White

Guests: David Helisek and Pam Hill (Plante & Moran)

Recording Secretary: Karen Wheeler

Chairman Jesse Bernstein declared that a quorum was present and called the meeting to order at 7:40 p.m. Mr. Bernstein thanked attendees for their patience during a tornado warning which caused a delay to the start of the meeting.

1.0 *Public Hearing*

There was no Public Hearing.

2.0 *Communications and Announcements*

Mr. Bernstein announced the appointment of Sue Gott to the Board.

3.0 *Public Time – Comment on Agenda Items*

No one appearing, Mr. Bernstein declared Public Time closed.

4.0 *Presentation of Audited Financial Statements for the Year Ended September 30, 2011*

Dawn Gabay introduced David Helisek and Pam Hill from Plante & Moran. Mr. Helisek reported on a presentation of the audited financial statements made to the Performance Monitoring and External Relations Committee on March 13.

Mr. Helisek reviewed highlights from the audit noting the issuance of an unqualified opinion to AATA; the highest level of assurance an auditing firm can give the financial position of an organization. Mr. Helisek reported that the full amount of the City of Ann Arbor tax levy sent to AATA each July 1 will need to be immediately recorded as revenue as opposed to divided evenly over the fiscal year as was past practice by AATA. This will result in a restatement of net assets but will be strictly an accounting change and not a change in cash or available resources. AATA will restate the beginning assets for fiscal years 2009 and 2010 and report on a comparative basis going forward.

Ms. Hill provided highlights on the overall health of the authority through a review of the financial statements. Ms. Hill noted that while working capital decreased \$200,000 overall (an amount budgeted and planned for), and unrestricted net assets remained healthy. Ms. Hill indicated that a good job has been done with oversight of the spending process related to capital purchases. One finding was reported on relating to compliance with the Davis Bacon Act. A misinterpretation of the compliance requirement resulted in certified payrolls not being sought on one contract. Several small projects (less than \$2,000 each) were treated as individual and separate projects when in fact the projects are seen as one unit.

Mr. Bernstein thanked the auditors for their report and proposed that the Board consider the action item to accept the audit report.

Roger Kerson moved the following resolution with support from Charles Griffith.

Resolution Accepting the Audited Financial Statements for the Year Ended September 30, 2011

WHEREAS, the Ann Arbor Transportation Authority engaged Plante & Moran, PLLC, professional auditors, to perform a financial audit and Federal single audit for the year ended September 30, 2011, and

WHEREAS, the Authority management has prepared financial statements and the auditing firm has completed their audit of the financial statements and Federal grant programs and summarizing their findings,

WHEREAS, the Authority management has received and reviewed the communications required under Statement of Auditing Standards No. 114 (management letter) and has agreed to act on the recommendations,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors acknowledges and accepts the audited financial statements for the year ended September 30, 2011, based upon the auditing firm presentation to and recommendation from the Performance Monitoring and External Relations Committee, and the presentation by a representative of the auditing firm to the entire Board of Directors.

Board members commented on the audit report including the unexpected recognition of additional revenue. The Board's policy limiting the amount of net assets was noted. Michael Ford agreed to review the policy for possible implications and suggestions for revisions, if necessary.

In response to a question from David Nacht, Mr. Helisek confirmed that there were no weaknesses to test controls conducted during the audit. Charles Griffith noted that there is some question as to whether AATA is in compliance with Public Act 20 with regard to hedging fuel futures. Mr. Griffith indicated that staff was directed to check with legal counsel regarding compliance and report back to the PMER committee. David Nacht noted that utilizing fuel futures was a Board decision and that it may be necessary to amend the policy, if it is not in compliance with state law.

The motion carried.

5.0 *Review and Approval of Minutes*

5.1 *Review and Approval of Minutes of February 16, 2012*

Eli Cooper moved approval of the minutes as written with support from Charles Griffith. The motion carried.

6.0 *Board and Staff Reports*

6.1 *Chief Executive Officer*

Michael Ford provided highlights from his written CEO report. Mr. Ford reported on the impending start of Airport shuttle service scheduled for April 2. Mr. Ford reported on meetings with legislative representatives in Washington, DC where he received support for AATA's initiatives. Mr. Ford touched briefly on Board committee meeting deliberations including the audit report and revisions to the Management Personnel Handbook.

Mr. Ford reported on Transit Master Plan work over the last period including the Financial Task Force, the Governor's proposed legislation for a regional transit authority, passage of the 4-Party Agreement by the City of Ann Arbor, and

planning for the second round of District Advisory Committee (DAC) meetings to begin in April. Mr. Ford noted that the draft Five Year Transportation Plan to be discussed at the DACs would be presented to the Board in advance of the DAC meetings. The plan will include financial and service information in one package.

Mr. Ford indicated that progress continues on the projects in the Work Plan and referred to his detailed written report.

6.2 *Planning and Development Committee*

Eli Cooper noted that a full written description of the Planning and Development Committee meeting was included in the Board documents and deferred to the report.

6.3 *Performance Monitoring and External Relations Committee*

Charles Griffith reported that the Performance Monitoring and External Relations Committee recommended that the Board accept the revised and updated Management Personnel Handbook.

6.4 *Local Advisory Council*

Jesse Bernstein reported that Board members were provided with a copy of the Local Advisory Council meeting minutes which would be posted to the website.

7.0 *Question Time*

Jesse Bernstein commented on the Transit Master Plan and receipt of a report from the Financial Task Force (FTF). Mr. Bernstein provided details on the FTF report which includes a service plan for the next five years. The level of service could be supported by a 0.5 mill initiative, but the task force did not make a recommendation pending the prospect of available funds from Lansing and private sources. Mr. Bernstein thanked staff and Michael Ford for their ongoing work.

David Nacht, speaking as a newly appointed member of the Unincorporated Act 196 Board "u196", requested that Act 55 Board members be informed about the work of the u196 Board.

Mr. Bernstein reported on the work of the u196 Board. Mr. Bernstein indicated that there is support from around the county with representatives from 95% of the population in attendance at meetings. Mr. Bernstein added that staff remains in touch with representatives from jurisdictions who have decided not to participate at this point.

Mr. Bernstein noted that u196 Board work is dedicated to education so that members

have an understanding of the operations of a transit system as well as local, state and federal policy issues. The Board will be reviewing the FTF report and placing a great deal of emphasis on District Advisory Committee (DAC) meetings. U196 board members will chair the DAC meetings and receive support from AATA staff and representatives from Carlisle Wortman. Input will be sought from DAC meeting attendees to determine what needs emphasis. Mr. Bernstein indicated that the public input process is ongoing and the means to keep in touch with people currently being served and those we want to serve.

Charles Griffith added to his PMER report noting increases in ridership; particularly express bus service ridership which increased 67% from last year. Mr. Griffith pointed to operating expenses which declined on a per passenger basis resulting in more expenses being covered by passenger fares and less from taxpayer monies.

Roger Kerson commented on the high level of participation in the countywide process with 22 out of 27 jurisdictions in the county currently engaged. Mr. Kerson characterized the level of participation as remarkable, and a testament to the good work going on in communities and a favorable sign of what can be accomplished.

8.0 *Old Business*

There was no old business for the Board to consider.

9.0 *New Business*

Roger Kerson moved the following resolution with support from Charles Griffith.

9.1 *Resolution Accepting the Revised and Updated AATA Management Personnel Handbook (MPH)*

WHEREAS, the Ann Arbor Transportation Authority (AATA) has maintained a Management Personnel Handbook (MPH) containing the policies and procedures for its non-union represented management employees for more than two decades, and

WHEREAS, employment laws and regulations, company policies and procedures, and Board of Directors' requirements have changed, been modified, or have been instituted over time to address specific concerns to enable the organization to operate efficiently and effectively, and

WHEREAS, the MPH has been amended, revised, and otherwise updated by the AATA Human Resources Department to reflect those changes and to enable the MPH to better address the needs of the Authority as it expands and transitions toward the future, and

WHEREAS, the updated MPH has undergone an extensive review by Corporate Legal Counsel to insure compliance with federal, state, and local laws, regulations, and ordinances pertaining to employment issues, now therefore

IT IS RESOLVED, that the Board of Directors accepts the updated MPH as an important governing instrument for the management of its non-unionized employees and for the Authority.

Michael Ford provided confirmation that the document was reviewed and endorsed by AATA legal counsel.

The motion carried.

10.0 *Public Time*

No one appearing, Mr. Bernstein declared Public Time closed.

11.0 *Adjourn*

Eli Cooper moved to adjourn the meeting with support from Roger Kerson. The motion carried and the meeting adjourned at 8:13 p.m.

Respectfully Submitted,

Charles Griffith, Secretary