

**Grand Valley Metro Council
Executive Committee Meeting**

January 19, 2012

11:30 a.m.

Grand Valley Metro Council
678 Front Ave. NW, Suite 200
Grand Rapids, MI

Minutes

Present

Jim Buck
Daryl Delabbio
Cindy Fox
Don Hilton, Sr.
Cy Moore
Rick Root
Alan Vanderberg
Rob VerHeulen

City of Grandville
Kent County
Cascade Township
Gaines Township
Council Treasurer
City of Kentwood
Ottawa County
City of Walker

Absent

George Heartwell
Michael Young

City of Grand Rapids
City of Rockford

Other

Abed Itani
Leon Branderhorst
Andy Bowman
Gayle McCrath
John Weiss

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1. Call to Order

The meeting was called to order at 12 noon by Chair Jim Buck.

2. Approval of Minutes

**MOTION – Approval of GVMC Executive Committee Minutes of December 2011.
MOVE – Root. SUPPORT – Vanderberg. MOTION CARRIED.**

3. Audit

John Weiss distributed the inside memo from MDOT regarding the GVMC audit settlement. The formal letter has not yet been sent. Formal notification will kick in a specific process. GVMC will have 30 days to negotiate a payment plan. After that time, if payment has not yet been made, they will start charging interest and deducting 10% from each payment to GVMC.

Abed Itani reported the settlement brought to MDOT was the one approved by the Executive Committee. DART approved GVMC's proposal, but not that of REGIS (forgiveness of the entire amount). REGIS wants to pursue the matter legally.

Abed is trying to set up a 2nd meeting to negotiate further. If REGIS doesn't pay and MDOT starts deducting, how does that affect GVMC's fund balance vs. REGIS'? REGIS should be responsible per the Executive Committee's previous decision. If it goes to court, GVMC will be the defendant, not REGIS.

Don Hilton stated he felt the Director of REGIS, Dharmesh Jain, was on top of the situation. He doesn't understand why it filtered down to REGIS to pay. It is going to be a devastating blow to their fund balance. Why is MDOT not open to taking a portion of it off the books?

Abed Itani reported he, Dharmesh Jain & Don Stypula met with MDOT & Commission Audit for the purpose of adopting a methodology to see what payment would be reasonable. They said point blank they would not accept an offer of zero (forgiveness of entire amount), anything other than that would be negotiable. They adopted a methodology & negotiated GVMC's payment down significantly, which was accepted. REGIS submitted a proposal for zero.

Rob VerHeulen stated the REGIS Board has been pushing the zero payment and now MDOT says they must pay up in full. If they don't, it will be deducted from GVMC payments. When REGIS split, they felt they were entirely independent. He is very troubled by letting the REGIS Board make decisions which are not prudent. They should take the lead and negotiate with MDOT. They have to deal with the consequences. GVMC is being undermined. We can't allow the REGIS Board to act independently if Metro Council is on the hook.

John Weiss and Leon said if REGIS holds its ground & MDOT deducts from GVMC, we will deduct from the REGIS fund balance.

Al Vanderberg stated a proposal for REGIS should be made at the same percentage of payment that was accepted for the GVMC settlement and see if they will agree to it.

John Weiss said Jim Buck got an email from Bob Homan regarding REGIS' desire to pursue legal action. If this happens, the door to a negotiated settlement may truly be shut. We have already paid a lot of money to have a lawyer write up a letter and we want to keep on

MDOT's good side. How does GVMC insert its opinion? It is a dispute on the grant that started REGIS.

Abed Itani reported Rick Root volunteered Kentwood's attorney, Jeff Sluggett, who looked at the case and said he wasn't sure. We could go through the deduction process, and if REGIS doesn't win, then deduct the amount from their fund balance.

Rob VerHeulen asked who REGIS is. Who is making the decisions? This is nonsensical and they probably will lose.

Al Vanderberg said they should try to negotiate with MDOT. It is still in their best interest to do so. We need to know if GVMC has the authority to trump REGIS. Do they have the ability to make us liable?

John Weiss explained the historical background of the audit findings. It pertains to a grant from MDOT that created REGIS. An agreement was signed with contractors by REGIS to pay overhead at 1.7. MDOT reviewed and said they would only pay for 1.3. The .4 difference is the amount MDOT is asking repayment of.

~~Rob VerHeulen added we should strongly urge them to settle or else we will deduct the amount from their fund balance.~~

~~Abed Itani asked MDOT if they can do another petition. Unfortunately, because of mass retirements at MDOT, most of the people involved are gone. It is a learning process for those now involved. Once the official letter comes out, it will go to Treasury and then we will have to fight with them.~~

~~Cindy Janes asked if GVMC can ask to intercede as the money is coming from us.~~

John Weiss stated he would like to formally invite Bob Homan, Dharmesh Jain, Abed Itani and a member of the Executive Committee to meet and discuss.

Jim Buck suggested Treasurer Cy Moore would be appropriate.

John Weiss asked Abed to intercede and ask them to hold off on the letter and see if it can be negotiated.

Cy Moore added that the issue has to be settled before the audit.

A meeting was set between John Weiss, Cy Moore, Abed Itani, Bob Homan, & Dharmesh Jain for Monday, January 23rd at 1:00 p.m.

4. Legislative Advocacy

John Weiss distributed a summary of the Governor's State of the State address. The bridge to Canada is a huge issue. If the PPT reforms go into place, they will not eliminate all the funds. There has been some talk of increasing funding for good governments.

Abed Itani added the Governor has proposed an adjustment to his original transportation funding proposal to make the sales tax a little higher, which would generate \$500 million. He also is suggesting using a sliding scale on registration fees according to the age of the vehicle.

5. Executive Director & Executive Committee Meeting

Staff was excused. John Weiss discussed with the Executive Committee and sought their advice on a variety of topics.

6. Adjournment – 1:30 p.m.

DRAFT