

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**BOARD OF DIRECTORS**

**MINUTES OF Monday, September 24, 2012 MEETING**

**Board Members Present: Mayor Scott Avedisian, Chairperson; Jerome Williams; Stephen Durkee; Maureen Martin, Anna Liebenow; Michael Lewis; and Margaret Holland McDuff.**

**Also Present: Raymond Studley, Interim Chief Executive Officer; Clare Sedlock, RIPTA Resource Team; Todd Gleason, Outside Counsel; Ellen Mandly; and other members of RIPTA's staff and members of the public whose names are on the sign-in sheet.**

**Agenda Item 1: Vote on July 16, 2012 Meeting Minutes**

**Mayor Avedisian called the meeting to order at 1:30 p.m. and said he would address some agenda items out of order to allow time when Colonel O'Donnell arrives for his report in executive session on the criminal investigation. Following Colonel O'Donnell's report the regular meeting will resume and the Board would reconvene to executive session as noticed at the end of the meeting to address other matters.**

**Next the Mayor asked if the Board members had an opportunity to review the minutes of the meeting held on July 16, 2012. The members indicated that they had and Ms. Martin asked Ms. Mandly to**

**make one correction to the meeting attendees. Mr Williams made a motion to approve the minutes of the meeting held July 16, 2012. Mr. Lewis seconded the motion. The motion to approve the minutes of the meeting was unanimously approved.**

**Agenda Item 2: FY 2012 Auditor's Report – Presentation by Braver, PC**

**James Prescott introduced himself and Erica Olobri as representatives from Braver, PC and said they would give the Board the results of the FY 2012 financial audit, a draft copy of which was included in the Board package. Ms. Neira passed out other correspondence from the auditors namely the 114 letter and the management comments letter in conjunction with the comments.**

**Mr. Prescott said the report this year is lengthier because it is now a comprehensive annual financial report known as a CAFRA. He then described what a CAFRA is and said after a CAFRA, disclosures are measured to determine whether or not certain high standards have been met and if they have, a certificate of achievement in financial reporting is issued. The CAFRA includes an introductory section which is a transmittal, Braver's financial report which includes a narrative and management's discussion and analysis, and a statistical section. He said the CAFRA section of the report is meant to provide the Board with a narrative of the financial results and give you more information in layman's terms.**

**Mr. Prescott said the most important part is the auditor's report and ensuring that the financial statements are fairly stated. He explained how they go about testing controls that we have been given an unqualified opinion, meaning the financials are fairly stated.**

**Mr. Prescott then discussed the financial statements beginning on page 14 saying there is a decrease in net assets of \$16.2 million stemming from two areas OPEB (\$6.3 million) and the net change in capital assets, including depreciation of \$9.9 million. Mr. Prescott also noted the decrease in overall revenues mainly due to the loss of ARRA funds.**

**Mr. Prescott suggested the Board read all the footnotes to the financial statements which describe everything in detail. Mr. Prescott said they report on federal funds and the compliance testing on the same and that report is in process and as of today they have no material findings in that area. He then commented on the 114 letter which is a required communication to the Board of Directors and said that they agree with management's assumptions and financial statements and material estimates. He then described three issues which led to adjustments. Mr. Prescott finished by saying there were no significant difficulties in dealing with management who provided all the information for the financial audit and no evidence of opinion shopping and there were no other audit findings or issues.**

**Margaret Holland McDuff arrived at this point.**

**Mr. Williams said he had a few questions and a recommendation. He asked about the 2nd bullet on page 12 relative to gasoline tax which predicts a decrease in revenue and asked how much. Ms. Neira did not have the information, but said she would respond after the meeting. Mayor Avedisian asked that the information be sent to the full Board. Next Mr. Williams noted that the paragraph on self insurance on page 24 which states the Authority's intent to build the fund to \$5,000,000 which he found to be overly optimistic with a current balance of just \$360,000. He asked how RIPTA intends to build the fund and the timeframe and Ms. Neira said the Authority had previously planned to put more money into the account which did not transpire and at this point any subrogation revenue and interest are added to the account. Mr. Williams said the language in that paragraph may be too strong since there really is no plan. Ms. Neira said the language is a carryover from last year when there was intent to fund and now we plan to continue on a pay as you go basis. Mr. Williams asked Mr. Prescott if he was comfortable with the statement on self insurance as written and Mr. Prescott said that particular paragraph does not distort the financial statements in his opinion.**

**Mr. Williams commented on the OPEB saying we need to start funding this because it is a huge liability that is going unfunded. He then asked about the last paragraph on page 32 under internal control over financial reporting which states that "We did not identify any**

deficiencies in internal control over financial reporting that we consider to be material weaknesses...” and he asked Mr. Prescott to confirm that nothing came up in the audit relative to either a significant deficiency or material weakness relative to either funds collected or internal controls surrounding those funds that would change this statement. Mr. Prescott said nothing came up during their testing. He and Ms. Olobrio then very briefly described the testing and Ms. Olobrio said some single audit testing is still ongoing, but as of today nothing has come up.

Mayor Avedisian said some members of the Board continue to have questions about internal controls therefore he asked that the Audit report not be accepted and that it be vetted further at a special meeting of the Financial Committee and that not accepting the Audit Report today would also allow the Board more time to review the letters that were distributed today.

Following Mayor Avedisian’s remarks Mr. Williams made a motion to not accept the Audited Financial Statements at today’s meeting but refer it to the Finance Committee for a meeting to be held shortly. Timing issues were discussed and then Mr. Prescott reiterated that none of their testing revealed any issues but obviously due to press accounts they are aware that there are other issues. Mr. Prescott noted that the management representation letter states “that management is not aware of any issues that should have been brought to the auditor’s attention”. He said no Board Member

answered negatively to any of their inquiries, and based on the ongoing investigations they are aware of he asked for assurances from management that there is no knowledge out there that something should have been conveyed to them so they could make it a part of their report. He said management should be aware of this before they sign the letter.

Mayor Avedisian noted Mr. Williams' motion to defer action on the Audit and defer further discussion to the Finance Committee. Ms. Martin seconded the motion and it passed unanimously.

Agenda Item 12: Executive Session to consider, discuss and act upon such matters as may be closed to the public pursuant to R. I. Gen. Laws 42-46-5(a)(1) [job performance of an employee], R. I. Gen. Laws 42-46-5(a)(2) [potential litigation related to security breaches] R. I. Gen. Laws 42-46-5(a)(3) [security status updated], and R. I. Gen. Laws 42-46-5(a)(4) [preliminary investigative report by appointed overseer of agency's operations and controls], as may be appropriate

Mayor Avedisian asked for a motion to convene to executive session. Mr. Williams made the motion to convene the executive session under R. I. Gen. Laws 42-46-5(a)(4) [preliminary investigative report by appointed overseer of agency's operations and controls]. Mr. Durkee seconded the motion and a roll call vote was taken. The motion to adjourn to executive session passed unanimously.

**Following the Board's return to open session Mr. Durkee made a motion to seal the minutes of the executive session. Mr. Williams seconded the motion, and it passed unanimously. Mayor Avedisian said there was nothing to report from the executive session.**

### **Agenda Item 3: Public Comment**

**Mayor Avedisian began the public comment by recognizing former RIPTA Board member Barry Schiller.**

**Mr. Schiller said that building ridership is key to reducing the deficit and important for environmental reasons. He then listed the following ways to build ridership: 1) engage the drivers; 2) promote new initiatives like the Eco Pass; 3) get more bus route info out there, like directions to town halls; 4) use the bus to advertise the service; 5) involve state agencies in a different way, such as using RIDOT electronic signs; 6) put information about the buses at the State House and construct a bus shelter there; and 7) collaborate with transit advocacy groups, the unions, RIPTA Riders and others.**

**Following Mr. Schiller's remarks Steve Durkee asked Mr. Schiller to give his suggestions in writing to Ms. Mandly to forward on to the Board members.**

**Randall Rose from RIPTA Riders spoke next. Mr. Rhodes said that transit maps would be great as well as public feedback on where they would like the buses to run. Mr. Rhodes said the bus helps the**

environment and helps people get to work, school, and helps people to job hunt. Referencing the Resource Team currently at RIPTA, Mr. Rhodes said he is not going to take a position immediately, but will wait till their report is issued. He finished by saying that RIPTA can recover from the crisis and remain strong.

Don Rhodes from RIPTA Riders was recognized next and Mr. Rhodes said the job is to serve your customer and your rider. He then thanked and commended the team in place at RIPTA.

Victor Ofolcansi spoke next in support of Charles Odimgbe. Mr. Ofolcansi said he has seen the stories on the news about Mr. Odimgbe which say he is not a subject of the investigation and he may be returning to his job as CEO. He said that for two years Mr. Odimgbe has worked relentlessly for transit in Rhode Island and he is also a respected leader in the Rhode Island African and African American community and is a role model to the children in the community who he said hope someday to be like Charles.

Mr. Ofolcansi said that he hopes the Board will create an environment at RIPTA where Mr. Odimgbe can return to his job and be productive.

Victor Adewusi also spoke in support of Charles Odimgbe. Mr. Adewusi said he heard Mayor Avedisian speak on WPRO and he hopes that Mr. Odimgbe will be allowed to return to his job as CEO.

**He said the media has reported that Mr. Odingbe is not a subject of the investigation, but he is concerned that there has been no other news therefore he questions the what, when, how and why of the administrative leave because perception often becomes fact. He also said that the children in the community view Charles as a role model and they keep asking their parents when Charles can return to his job.**

**Mr. Adewusi said he is before the Board today to ask about Mr. Odingbe's job status. He said that on WPRO the Mayor said Charles was not a subject of a criminal investigation so he needs to be allowed to come back to work.**

**He finished by saying Mr. Odingbe is a great mentor and he came to Rhode Island with honor and integrity and his reputation must remain intact. He said he is praying for a decision by the Board and that his children are also waiting for an answer.**

**Mak Falaye an African CPA spoke next in support of Charles Odingbe. Mr. Falaye said he knows Charles very well, respects him and is impressed with him. He said he is following this situation very well and hopes the investigation is done professionally and he pleaded with the Board to not inadvertently send the wrong signal regarding Charles to the African and minority community. He said he can see no wrongdoing by Charles and he wants him to be able to return to his job with confidence to be allowed to assert himself in his**

duties with full confidence. He finished by saying Mr. Odimgbe cannot be returned to his position as a shadow leader without power.

Ada Ezeama spoke next in support of Charles Odimgbe. Ms. Ezeama said she has known Mr. Odimgbe for 3 – 4 years and she knows him to be a person of integrity in his life and he is an exemplary leader. She said she begs the Board to reconsider Mr. Odimgbe's status at RIPTA. She said Mr. Odimgbe was brought to RIPTA to make changes and change can't please all. She asked what the goal of RIPTA is and said if its transparency and efficiency, then Charles is your man. She finished by asking the Board to reconsider recent actions and return Mr. Odimgbe to his position as CEO so he can continue his good work and efforts.

RIPTA bus operator Joe Cole spoke next. Mr. Cole said he has respect for the African community and Mr. Odimgbe's standing in that community, however since he became CEO of RIPTA the agency has spiraled downward. Mr. Cole said Mr. Odimgbe has been a negative for RIPTA and creates bad press for the agency. He thanked Colonel Studley for the security and oversight he has put in place and said under him morale has improved. He finished by saying he does not like the new color scheme on the paratransit buses.

Paul Harrington President of the Amalgamated Transit Union 618 spoke next. Mr. Harrington thanked the Governor for his commitment to RIPTA and said the employees and customers over the last three

**weeks have seen leadership that was missing and that now there is open communication. He is in favor of keeping Colonel Studley and the team in place.**

#### **Agenda Item 4: Chief Executive Officer's Report**

**Raymond Studley Interim CEO said he would have staff give updates on the ARRA and ATMS reports and the COA project and he asked Paul LaFlamme to give a brief summary of the ATMS report contained in the Board package. Mr. LaFlamme said they are kicking off the mini fleet phase of the project and discussed which vehicles were part of the project and testing. He then described a bug in the voice-radio system which they are attempting to fix and which has caused a temporary halt in the radio installation process. He said he hopes this is fixed by his next Board report and that full fleet installation will have begun.**

**Next Finance Director Bill Rush gave brief comments on the ARRA report contained in the Board package. He discussed the solar roof project to be voted on later in today's meeting and said he is working with the Planning Department to finalize timelines.**

**Amy Pettine addressed the Board to give a brief overview of the Comprehensive Operational Analysis report in the Board package. She reported that the second meeting of the COA Advisory Committee had occurred the previous week and the project**

stakeholders were updated at that time. She discussed the stakeholder surveys final report and the market demand analysis final report, both of which are available on the RIPTA website. On-board surveys were completed last week. She described the survey as a big undertaking and a big success with more than 10,000 surveys having been collected and a lot of good information received regarding such things as demographics and service desired. Route by route analysis continues and after review by the Planning Department the results will be posted on-line for comments.

Margaret Holland McDuff asked how non-rider information will be collected and Ms. Pettine said they will collect information at the train station, malls, and colleges, via email and on the RIPTA website. Ms. Holland McDuff asked Ms. Pettine to send both surveys to the Board and Mayor Avedisian asked that the Board also be sent the final market review and the preliminary stakeholder report. Mr. Durkee asked if Ms. Pettine was confident of the timeline and Ms. Pettine said it will depend upon the types of recommendations they receive as proper feedback is important. She is fairly confident of completing the early spring.

Mayor Avedisian then read the letter in the Board package to the State Budget Office requesting an extension for submission of the FY 2014 budget. Ms. Neira said the request was granted and the objective is to submit before the November 30th deadline extension.

## **Agenda Item 5: Maintenance, Repair and Inspection of Petroleum Products Storage and Distribution System**

**Roger Mencarini and Bernie Harwood addressed the Board to present the procurement for the Maintenance, Repair and Inspection of Petroleum Products Storage and Distribution System. Mr. Mencarini said the board is requested to award a contract to Trask Petroleum Equipment Company of Providence to provide maintenance, inspection and repair services to the petroleum storage and dispensing system located at various RIPTA facilities. The five year hourly average rate is \$131.25, which is based on an average annual usage total of about \$75,000.**

**Mr. Williams asked if the contract renewed automatically and Mr. Mencarini said it renews at the Authority's discretion. Mr. Lewis then made a motion to approve the award of the contract to Trask Petroleum Equipment Company of Providence at an annual cost of about \$75,000. Mr. Durkee seconded and the motion passed unanimously and the contract was awarded to Trask Petroleum Equipment Company as recommended by staff.**

## **Agenda Item 6: Procurement of Senior Citizen's Vans**

**Roger Mencarini and Mark Therrien addressed the Board to present the procurement for Senior Citizen's Vans. Mayor Avedisian recused**

himself from the discussion and asked Vice Chairman Jerry Williams to direct the discussion.

Mr. Mencarini said Senator Reed obtained a congressional appropriation to fund the purchase of Senior citizen vans for Warwick and Woonsocket. He said the funding will be through FTA Section 56310 grants and the grants will pass through RIPTA and on to the designated grant recipient communities who will use obtain the vehicles for their respective senior citizen transportation programs. RIPTA will have oversight and responsibility for the vans during their 5-year useful life. Mr. Mencarini noted that RIPTA has acted as a conduit in for the procurement of vans in a similar way in the past for the cities of Johnston and North Providence. Mark Therrien noted that the recipient cities are responsible for vehicle maintenance and insurance.

Staff answered some questions regarding the procurement and following this brief discussion Mr. Lewis made a motion to approve the procurement of senior citizen vans for Woonsocket and Warwick as requested by staff. Mr. Durkee seconded the motion. The motion was approved by 6 Board members, with Mayor Avedisian abstaining and the motion passed.

#### **Agenda Item 7: Solar Roof Project - 269 Melrose Street**

Mr. Mencarini presented the procurement for the Solar Roof Project

**for 269 Melrose Street with Schane Tallady the project architect. Mr. Mencarini said the Board of Directors is requested to award a contract to Fall River Electrical Associates, Co. Inc of Fall River, MA to provide and install a new roof and solar panels on the Transportation Building at 269 Melrose Street, Providence at a cost of \$1,911,000 including a ten percent construction contingency.**

**Mr. Mencarini introduced Mr. Tallady and then went over the project description in the staff summary in some detail and noted that Lilly Picchione had done a great deal of work on this procurement as well. Mr. Tallady then gave a brief description of the roof replacement and solar panels placement, maintenance and elaborated on the 30 year warranty. Mr. Tallady answered questions from Mr. Durkee on the type of roof and from Mr. Lewis on possible energy savings and the potential for selling surplus energy.**

**Mr. Mencarini said the funding from this project is from a TIGGER grant with 80% of federal funds with the 20% match being provided by the Attorney General's Office Settlement Funds and Capital Revolving Loan Funds and an ARRA grant.**

**Following a brief discussion and questions to staff Mr. Durkee moved that the Solar Roof Project for 269 Melrose Street be approved as presented at a cost of \$1,911,000 including a ten percent construction contingency. Mr. Williams seconded the motion and the procurement was unanimously approved.**

## **Agenda Item 8: RIPTA Paratransit Workers Compensation Insurance**

**John Stanziale and Gary Primavera, RIPTA's insurance broker Starkweather and Shepley, addressed the Board to present the procurement for Paratransit Workers Compensation Insurance to provide Paratransit employees with coverage for injuries that occur while on duty. Mr. Stanziale said the existing policy is currently written with Beacon Mutual Insurance Company and is due to expire next month on October 19th. Mr. Primavera said several quotes from alternative carriers were sought, but all declined citing the nature of RIPTA's business and loss history. He added that the current quote of \$322,743 from Beacon Insurance is down 13% from last year. Mr. Stanziale recommended that the Board approve the procurement of workers compensation insurance for Paratransit employees from Beacon Mutual Insurance at a cost of \$322,743 for a one year policy.**

**Mr. Stanziale and Mr. Primavera answered questions regarding individual rather than group insurance and the drop in cost from last year and following this brief discussion Mr. Williams made a motion to approve the procurement of Paratransit Workers Compensation Insurance from Beacon Mutual Insurance at a cost of \$322,743 for a one year policy. Mr. Durkee seconded the motion and it was unanimously approved.**

## **Agenda Item 9: Update on current Security Measures**

**Interim CEO Raymond Studley reported to the Board on newly implemented security measures at the Authority. Mr. Studley said at the last Board meeting he discussed the safety and security of RIPTA's facilities as well as employee safety and since that time he has had site visits by the Rhode Island State Police and federal authorities. Based on the foregoing it was determined that more security was needed, therefore the resource team contracted with Madison Security, a firm on the State Master Price Agreement, and they began working to implement new security measures. Mr. Studley said that at the current time there are three fixed posts, two at Elmwood and one at the Melrose facility and also a roving post. He said that implementing security is a work in progress and he still needs to determine the level of pedestrian traffic on and around the RIPTA Elmwood property, which will become a more serious issue when daylight savings time occurs.**

**Next Mr. Studley reported on a recent employee assault that occurred at Kennedy Plaza during overnight hours. He is also reviewing additional security for Kennedy Plaza and the Newport Facility.**

**The Interim CEO then reported on a meeting held with officials from the Transportation Security Administration (TSA) in an effort to determine if security grants are available to defray the cost of the recently implemented security measures.**

**Following Mr. Studley's remarks Mr. Durkee asked what other types**

of problems he has encountered at RIPTA properties and Mr. Studley said he has had reports of utility workers finding people asleep on buses, which is very disconcerting. Mr. Williams said he agreed with the security measures, but for budgeting purposes asked the cost for Madison Security. Mr. Studley said that the hourly rate under the master price agreement is \$13.25, with the roving vehicle cost being a little higher. He is still in negotiations with Madison regarding their services. Mr. Williams asked the total monthly cost and Mr. Studley said he is working with Wayne Hannon on costing and will report back. Mr. Hannon interjected that the costing should be available by the next Board meeting.

#### **Agenda Item 10: Update on Newly Implemented Critical Expenditure Process**

RIPTA Resource Team member Wayne Hannon addressed the Board to report on the newly implemented critical expenditure process. Mr. Hannon said the critical expense form implemented and now being used at RIPTA is similar to what the State implemented a few years ago. Over the past few weeks Mr. Hannon has been reviewing expenditure requests to become familiar with the types of requests typically made and to determine if they are critical and needed. He met with purchasing and IT staff to review the functionality in the current RIPTA computer system and found there may be a way to use the current system to streamline purchasing and make electronic submissions, which may allow the critical expense form requirements

**to be scaled back somewhat. He will likely attempt this process first in Maintenance division over the next few weeks.**

**Mr. Hannon said the current system is time consuming for procurement staff and they have been working with various divisions on solutions. He hopes that by the November Board meeting he will have a better idea how well the new system is working and will report further.**

**Mayor Avedisian asked if the new critical expenditure form identifies if the requested expenditure is covered in the budget. Mr. Hannon replied that that is the piece they are attempting to automate via RIPTA's computer systems. He said the existing system has the built in functionality to report vis a vis the budget and available funding and this will factor into ultimate approval of a critical expenditure in a more timely fashion.**

**Agenda Item 11: Assessment of Practices with Respect to Hiring Process; Specifically Those Practices Involving Complete Personal and Professional Background Review of Senior Management**

**Next Mr. Studley reported that he and the resource team are doing an assessment of practices with respect to hiring, specifically those practices involving complete personal and professional background reviews of senior management. Mr. Studley said he and the team are looking to bring RIPTA standards up to mirror the state's practices.**

**They are looking at job performance consistently, education, experience, and doing a review of management skill sets. He said they will be starting at the senior management level and if they see areas for improvement corrective action will be taken such as implementing performance improvement plans and corrective action plans in an effort to get consistency across departments.**

**Mr. Studley said the resource team is made up of several human resource specialists who are doing a quick due diligence assessment of procedures at RIPTA and they will begin implementing new procedures going forward. Mr. Studley said there is a lot of fluidity in the human resources team at present and current initiatives include updating employee files to reflect education levels, etc. so this information is readily available to senior management.**

**Mayor Avedisian asked Mr. Studley's recommendation regarding the Authority's contract with the headhunting firm and Mr. Studley said he would recommend discontinuing that agreement.**

**Before adjourning to the second executive session Mayor Avedisian recognized Senator Pichado in the audience and asked if he had any questions or comment to make. The Senator said he was present today to observe only.**

**Agenda Item 12: CONTINUED: Executive Session to consider, discuss and act upon such matters as may be closed to the public pursuant**

to R. I. Gen. Laws 42-46-5(a)(1) [job performance of an employee], R. I. Gen. Laws 42-46-5(a)(2) [potential litigation related to security breaches] R. I. Gen. Laws 42-46-5(a)(3) [security status updated], and R. I. Gen. Laws 42-46-5(a)(4) [preliminary investigative report by appointed overseer of agency's operations and controls], as may be appropriate

Mayor Avedisian asked for a motion to convene to executive session consider, discuss and act upon such matters as may be closed to the public pursuant to R. I. Gen. Laws 42-46-5(a)(1) [job performance of an employee], R. I. Gen. Laws 42-46-5(a)(2) [potential litigation related to security breaches] R. I. Gen. Laws 42-46-5(a)(3) [security status updated], and R. I. Gen. Laws 42-46-5(a)(4) [preliminary investigative report by appointed overseer of agency's operations and controls], as may be appropriate. Mr. Williams read the law to go to executive session and made the motion. Ms. Holland McDuff seconded the motion and a roll call vote was taken. The motion to adjourn to executive session passed unanimously.

Following the Board's return to open session Mr. Durkee made a motion to seal the minutes of the executive session. Mr. Williams seconded the motion, and it passed unanimously.

### **Agenda Item 13: Adjournment**

Mayor Scott Avedisian asked for a motion to adjourn the meeting.

**Mr. Durkee made the motion which was seconded by Director Lewis.  
The motion was unanimously approved and the meeting was  
adjourned.**

**Respectfully submitted,**

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**Ellen M. Mandly**

**Recording Secretary**