

**Grand Valley Metro Council
Executive Committee Meeting**

Thursday, December 18, 2008
12:00 pm

Grand Valley Metro Council
40 Pearl Street NW, Suite 410
Grand Rapids, MI

MEETING NOTES

Present

Jim Buck
Daryl Delabbio
Don Hilton, Sr.
Kurt Kimball
Jim Miedema
Cy Moore
Audrey Nevins
Rick Root
Alan Vanderberg

City of Grandville
Kent County
Gaines Township
City of Grand Rapids
Jamestown Township
Council Treasurer
Byron Township
City of Kentwood
Ottawa County

Absent

Carol Sheets

City of Wyoming

Other

Leon Branderhorst
Andy Bowman
Bob Homan
Dharmesh Jain
Gayle McCrath
Don Stypula

Grand Valley Metro Council
Grand Valley Metro Council
Plainfield Township
Grand Valley Metro Council
Grand Valley Metro Council
Grand Valley Metro Council

1. Call to Order

The meeting was called to order at 12:10 pm by Chair Jim Buck.

2. Approval of Minutes

MOTION – To Approve the November, 2008, GVMC Executive Committee Minutes. MOVE – Delabbio. SUPPORT- Root. MOTION CARRIED.

3. Finance Report

Cy Moore reviewed the audit and financial statement drafts. A couple of minor changes will be made.

The opinion again was clean. “In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Grand Valley Metropolitan Council as of September 30, 2008, and the respective changes in financial position, and the budgetary comparison for the general fund and the REGIS fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.”

GVMC overall came in at \$13,629 income over expenses. REGIS was \$182,847 income over expenses.

REGIS didn't have any amendments to its projected budget. The variance is accounted for by changes to the staffing model, professional services, and the 5-year plan for capital outlay.

Dharmesh Jain stated in the future, each year will be accounted for individually in the budget, rather than including the entire 5-year outlay.

Bob Homan asked if it is prudent to make budget amendments.

Cy Moore reported GVMC has done budget amendments for some time. The current variance would be considered sizable enough to amend the budget.

Bob Homan asked if it is mandatory to amend the budget.

Cy Moore responded in his opinion, if it is not done, the large overage may lead some to believe a dues reduction is in order. REGIS should be reporting at least quarterly to GVMC on how it is doing.

Bob Homan stated this would be a topic of discussion.

In the single audit report, everything came out well. There were two findings, the ongoing GAP issue that most municipalities and schools have; and reporting of staff time for grants.

2008-1 Conditions: Grand Valley Metropolitan Council does not have procedures in place to prepare financial statements in accordance with generally accepted accounting principles including procedures to record certain revenue and expenditure accruals and to present required financial statement disclosure. The auditor reported this is very common and most of the time it is too expensive to remedy.

Management Response: Grand Valley Metropolitan Council maintains its financial records throughout the year on a modified accrual basis of accounting and has determined that any benefits derived from preparing annual accrual basis financial statements and required disclosures would exceed the costs to do so.

2008-2 Conditions: Grand Valley Metropolitan Council did not complete at least monthly documentation supporting time charged to a federal grant program for a specific employee.

Management Response: The Grand Valley Metropolitan Council maintains approved time sheets for each employee that is directly charged to federal programs except for the individual noted above. The Grand Valley Metropolitan Council is implementing a policy to assure that all time directly charged to federal programs is supported by appropriate documentation as required by current Office of Management and Budget Circulars.

Cy Moore also reported the Finance committee met with the auditors separately and they were very complementary of staff and said ours is one of the better organizations they work with.

Don Stypula thanked Leon Branderhorst for his work on the financials.

MOTION – To Move the Audit and Financial Statements to the January GVMC Board Meeting. MOVE – Nevins. Support – Delabbio. MOTION CARRIED.

4. REGIS

Don Stypula reported on the draft Memorandum of Understanding. Changes from current powers and operating procedures include:

- ❖ Takes away GVMC approval of REGIS budgets, amendments and appointment of representatives.
- ❖ Takes away GVMC authority to appoint the Director of REGIS and given to the REGIS Board.
- ❖ Takes away any oversight and management power from GVMC. The document states Executive Director of REGIS serves as the executive management of REGIS and serves as staff to the REGIS Board. The REGIS Executive Director reports directly to the REGIS Board. In order to maintain an efficient and collaborative working environment, the REGIS Executive Director and GVMC Executive Director shall meet on a regularly scheduled basis.
- ❖ Takes away GVMC authority over pay and benefits of REGIS Director. Document states the REGIS Board has authority to set and adjust the pay and

benefits of the Executive Director of REGIS separately from GVMC's compensation system.

- ❖ Takes away GVMC financial authority. For allocation of GVMC costs to REGIS ...in consultation with their respective governing boards shall discuss and come to agreement on the cost allocations. Agreement shall be in writing and signed by both parties.
- ❖ Takes away sole rights of GVMC Executive Director regarding REGIS staff through the GVMC Policies and Procedures manual and GVMC ByLaws, States REGIS staff shall follow GVMC's personnel policies and practices, with any exceptions as may be mutually agreed upon in writing between REGIS and GVMC granting of additional holidays, emergency shutdowns, and other forms of additional time off.
- ❖ Takes away financial authority of GVMC. States REGIS has exclusive authority to set dues, fees, etc. (and controls this revenue exclusively) and any GVMC-controlled policies affecting REGIS expenses shall be approved by the REGIS Board of Directors.

Discussion regarding specific wording ensued.

Cy Moore questioned the wording in the BASIS FOR AN ATONOMUS STATUS FOR REGIS section which states "Therefore the REGIS Board must be self-governing. . ." and suggested changing it to "To the maximum extent possible, the REGIS Board desires to be self governing..."

He also questioned the wording under Relationship of REGIS with GVMC which states "The REGIS Board shall approve and annual capital and operating budget, including the amount, source and type of anticipated revenues and expenditures. The REGIS Annual Budget shall be provided to GVMC for review and concurrence as it deems appropriate."

Suggestions were made to change that to "The REGIS Board shall **recommend** an annual capital and operating budget, including the amount, source and type of anticipated revenues and expenditures. The REGIS Annual Budget shall be provided to GVMC annually for review and **approval** which shall not be unreasonably withheld.

Bob Homan stated that the proposed words of concurrence rather than approval were very carefully chosen and do not mean the same thing.

Cy Moore stated there is a problem with this as the Treasure and the Financial committee have no control on the budget.

Rick Root said that REGIS is part of GVMC and therefore needs to be ultimately approved by GVMC.

Bob Homan stated REGIS is essentially a stand alone entity. Why would someone else impose their will? Essentially, we just pay rent.

Al Vanderberg stated it is similar to the Ottawa County budget; the County approves the sub budgets and road commissions.

Cy Moore stated maybe the Finance Committee should meet with Dharmesh prior to the approval of the budget by the REGIS Board.

Bob Homan stated he has a problem with the word approval in relationship to the budget.

Cy Moore stated there needs to be approval.

Kurt Kimball questioned if there had been an issue regarding this before.

Don Stypula stated once before he started.

Kurt Kimball asked what the problem with the word approval was. Maybe the wording “whose approval shall not be unreasonably withheld” If there has been no major problem, why should we mess with the Charter of this agency?

Al Vanderberg asked if this was a theoretical question, or are we reacting to a situation?

Kurt Kimball stated GVMC has always had approval power, but never exercised disagreement authority.

Don Hilton questioned who was concerned about making these changes, the REGIS Board or the REGIS Executive Board.

Cy Moore also questioned the wording in the forth paragraph on the second page “The Executive Director of REGIS recommends to the GVMC Executive Director the hiring and termination of REGIS staff.”

Bob Homan stated in reality they realize all REGIS employees are employees of GVMC. There is no way to escape that. There is not 100% autonomy.

Don Stypula stated he has all the notes on recommendations and could put together a clean copy.

Jim Buck stated he wanted the document to go back to the Executive Committee again for further review. These changes cause him concern. Most of the things stated in this document were not current operating procedures or powers given by the GVMC Bylaws or the documents approved by GVMC to create REGIS. Rather they were included in the restated Intergovernmental Agreement which is between REGIS and its members, not GVMC and REGIS. He believes the REGIS department head should still report to GVMC. He also has problems with taking away GVMC authority over pay and benefits. He asked what has happened to destroy the relationship.

Don Hilton stated it is important to take the personalities out of this. REGIS is still under GVMC's umbrella and he agrees with Jim Buck. If it is under the umbrella, it needs to be all the way, no separate pay and benefits package. There will be problems if we do.

Kurt Kimball asked if the document would be coming back to this committee.

Don Stypula stated he would bring a clean copy back to this group in January.

Bob Homan asked if he should bring the REGIS Executive Committee. He stated he would reserve this decision until he sees the clean copy.

5. Other

The group bid farewell to Kurt Kimball and thanked him for his many years of outstanding service.

6. Adjournment—1:30 pm