

Berkshire Regional Transit Authority  
Minutes of the Finance/Audit Committee

September 27, 2018 at 2 PM  
BRTA Intermodal Transportation Center  
One Columbus Avenue, Pittsfield, MA 01201

MINUTES

**Berkshire Regional Transit Authority Finance/Audit Committee Members present:**

Sandra Lamb, North Adams; Peter Gallant, Lanesborough; and Doug McNally, Windsor  
Also present: David Irwin, Adelson; Robert Malnati and Sarah Vallieres, BRTA staff

1. **Approval of Minutes for May 24, 2018-VOTE**

Committee members reviewed the minutes of May's meeting. Mr. McNally made the motion to accept the minutes, was seconded by Mr. Gallant, and approved by all.

2. **FY18 Audit Review – David Irwin**

Mr. Irwin thoroughly reviewed the audit and stated that Adelson provided BRTA an unmodified or clean opinion on the financial statements with no deficiencies and no weaknesses. He explained the narrative of the details of the audit, which is found in the management letter and went through the financial statements. Mr. Irwin explained the net pension liability. He also discussed the reserve, which is for an extraordinary expense to be approved by the Secretary of Transportation. Mr. Irwin said that the audit went smoothly with the help of BRTA's CFO and her streamlined approach. Mr. Malnati noted to the Finance Committee that of the total operating and non-operating expenses, 95% were for transportation services and only 5% went to Administration. Mr. Irwin mentioned that there were no findings but 2 recommendations were made to BTM; the use of a time card for all salaried positions and updating the accounting policies and procedures manual. He noted that the time cards are being implemented. Mr. Irwin recommended to Mr. Malnati distributing pages 5, 24, and 25 at the Board meeting. Mr. Irwin stated that there will be a NTD audit this year, but this only occurs once every 10 years.

Mr. Gallant asked about the pension risk and Mr. McNally asked if there was any pressure from the State about the pension plan. Mr. Irwin explained the pension only belongs to BRTA and there is a significant draw on the pension system. Mr. McNally stated that this is the struggle with small pension systems. Mr. Irwin noted that BRTA is investing in risk-free insurance contracts and his opinion is the larger the pool of assets the more able the company is to meet the benefits. This is an unfunded deficit and the actuary needs to be aware of who is retiring within the next 5 years to ensure enough money is going into the plan.

Mr. McNally asked about health insurance, to which Mr. Malnati explained it is for Administration and salaried positions at BTM, not the union members.

Mr. McNally stated that it is important to let the Advisory Board know there were no findings in the audit and the recommendations are already being addressed.

There were no other questions from the committee.

Mr. Irwin gave advice to the Committee to be a consistent advocacy voice at the State level, BRTA is a "heavy hitter", and funding levels need to be increased.

3. **FY 18 Audit recommendation by Audit/Finance Committee to BRTA Advisory Board –VOTE**

Ms. Lamb made the motion to recommend the audit from the Audit/Finance Committee to the BRTA Advisory Board, was seconded by Mr. McNally, and approved by all.

4. **Borrowing –Bob**

Mr. Malnati said BRTA is borrowing \$4.75M instead of \$4.5M based on cash flow and was recommended by Adelson. The note was issued on September 12, with the bids due on September 17 at 11 AM. There were 3 bids this year with the lowest at 2.10 % interest. CCRTA's interest rate in July was 1.93% and MWRTA's interest rate was 2.15% in September. Next year, the borrowing will begin in August.

5. **Pension Payment**

Mr. Malnati discussed how Berkshire Life calculates the pension payment due each year. This year \$113,783 is due, whereas last year was \$108,552. Mr. McNally asked if BRTA could pay more, to which Mr. Malnati responded that he would look at the figures in the budget for both health insurance and the pension. Ms. Lamb asked if there should be another Pension Board Meeting. Mr. Malnati agreed and will figure out a date with Corey Phillips and the Pension Board to meet.

6. **Old Business**

No old business.

7. **New Business**

Mr. Malnati will be attending the RTA Task Force meeting in Boston. If more funding will come in, BRTA needs to determine how to utilize this, such as the pilot service for some later evening service.

8. **Next Meeting**

The next meeting will be tentatively scheduled for October 25, 2018 at 10 AM. \*\*At the Advisory Board meeting the time was changed to 3 PM.