



SEN. ROGER J. KATZ, CHAIR
REP. DAVID C. BURNS, CHAIR

MAINE STATE LEGISLATURE GOVERNMENT OVERSIGHT COMMITTEE

MEMBERS:
SEN. MARGARET M. CRAVEN
SEN. LAWRENCE BLISS
SEN. EARLE L. MCCORMICK
SEN. NANCY B. SULLIVAN
SEN. DAVID TRAHAN
REP. DONALD E. PILON
REP. ANDREA M. BOLAND
REP. JOYCE A. FITZPATRICK
REP. LESLIE T. FOSSEL
REP. STEPHEN D. LOVEJOY

MEETING SUMMARY February 11, 2011 Accepted June 24, 2011

CALL TO ORDER

The Chair, Sen. Katz, called the Government Oversight Committee to order at 9:31 a.m. in the Burton Cross Building.

ATTENDANCE

Senators:	Sen. Katz, Sen. Craven, Sen. Trahan, Sen. McCormick, and Sen. Sullivan Absent: Sen. Bliss
Representatives:	Rep. Burns, Rep. Pilon, Rep. Fitzpatrick, Rep. Boland, and Rep. Lovejoy Joining the meeting in progress: Rep. Fossel
Legislative Officers and Staff:	Beth Ashcroft, Director of OPEGA Jennifer Henderson, Principal Analyst, OPEGA Wendy Cherubini, Senior Analyst, OPEGA Scott Farwell, Analyst, OPEGA Matthew Kruk, Analyst, OPEGA Etta Begin, Adm. Secretary, OPEGA

INTRODUCTION OF GOVERNMENT OVERSIGHT COMMITTEE MEMBERS

The members of the Government Oversight Committee introduced themselves for the benefit of the listening audience.

OPEGA FINAL REPORT

•Maine Turnpike Authority

Chair Katz summarized what has taken place to date on OPEGA's review of the Maine Turnpike Authority (MTA) and the next step in the process is to hold a public hearing on the report. The public hearing for OPEGA's Report of the MTA is on today's agenda.

Public Comment Period

(Note: Unless otherwise noted, a copy of the person's testimony is on file in the OPEGA Office. Anyone interested in public testimony OPEGA does not have on file, can make a request to that Office for a transcript of the testimony.)

The GOC's questions and comments following the testimony of Lucien Gosselin is summarized as follows:

Lucien Gosselin, Vice-Chairman, MTA Board and Chair of MTA's Finance and Audit Committee.

Q: Senator Trahan noted that if MTA has money for expensive trips, meals, lobbying expenses, etc., then logically there must be surplus that could be transferred to MaineDOT

A: Mr. Gosselin disagreed as the current statute provides that MTA put enough money aside to pay for all of its indebtedness, which is approximately \$400,000,000. Even if the Turnpike did not spend \$1,000 for "x" or \$1,500 for "y", that money would still have to stay within the MTA to make future debt payments.

Q: Sen. Trahan noted that OPEGA had raised a concern about MTA's relationship with its consulting engineer that is supposed to be independent but also appears to benefit from the sole sourcing of engineering services work to the same firm. He asked Mr. Gosselin to explain the relationship between the independent engineer and MTA, and if any of MTA Board members belong to HNTB's Board.

A: Mr. Gosselin agrees with OPEGA's analysis that the relationship and arrangement with HNTB could appear to present a conflict of interest. However, the MTA Board of Directors and its Audit and Finance and Long-Range Planning Subcommittees are involved in reviewing the maintenance plan recommended by the consulting engineer and making final decision on which projects are appropriate for funding based on MTA's ability to pay for those projects.

Mr. Gosselin said, as far as he knew, there are no common board members on HNTB or MTA.

Q: Sen. Trahan noted that State agencies cannot hire outside lobbyists to lobby the Legislature. He said most State Departments have staff that come to the Legislature and work on behalf of the agency. They do not hire an outside firm to lobby for them. He asked for an explanation of why MTA, which was created by the Legislature, thought it was exempt from that requirement and could hire lobbyists.

A: Mr. Gosselin could not answer that question saying the practice was ongoing before he became a Board member. He commented that at times it is appropriate to have the expertise to help MTA maneuver through the difficult issues and believes a lot of private sector entities, and other publicly funded agencies, do likewise. He understands MTA and the Legislature is part of the same family, but there are a lot of people to talk to and a lot of persuasion to do. That is the culture of what goes on in Augusta.

Q: Sen. Trahan asked if the MTA Board would be agreeable to having some of the proposed MTA policy changes incorporated into MTA's Statutes.

A: Mr. Gosselin said he is only one member of the MTA Board and that question would have to be posed to the entire Board for consideration.

Q: Sen. Craven said if she were in charge of MTA she would also try to spend their money in any way she could to benefit her organization as opposed to letting it cascade into another organization. She asked if Mr. Gosselin could speak to that.

A: He thinks MTA prefers dealing with the MaineDOT and the State of Maine on a project-by-project basis where MTA can make a contribution. Since 1994, MTA has contributed just shy of \$200 million on State/MTA joint projects. Projects are brought to the MTA Board through the MaineDOT Commissioner and they both analyze the benefits for each and then agree on a pro rata share of the project. Not dissimilar to

what they just did with the Maine-New Hampshire Bridge Commission. It would be MTA's preference to stay with that current practice rather than transfer an arbitrary surplus amount. Mr. Gosselin said that way MTA can apply the resources where they make the greatest impact and benefit to MaineDOT, the people of Maine and MTA.

Q: Sen. Craven asked if MTA needed to bond to keep up their bond rating.

A: Mr. Gosselin said MTA does not bond merely to protect the bond rating. MTA bonds approximately 50% of the capital project costs because it would be cost prohibitive to the toll payers to try to do all capital projects from the current revenue stream. Bonding lets future Turnpike users, who benefit from the capital improvement, pay their pro rata share. The bond rating is only a by-product of their ability to repay the bonds in terms of quality of issue.

Q: Sen. Craven noted it was said that MTA's proposed bonding does not have to go out for referendum in order to go forward, and asked if that was because it was a different statute.

A: Mr. Gosselin said MTA has the authority to issue bonds based entirely on its revenue stream to pay and retire the principal and interest of the bonds. It would not matter, in his opinion, if the voters of Maine approved the issue because if MTA cannot demonstrate, unequivocally, the ability to repay the principal and interest, the bonds could not be issued. The State of Maine does not have any obligations, moral or otherwise, for MTA's bonds. These bonds are secured solely by MTA's revenue stream from tolls.

Q: Rep. Pilon asked how far back the HNTB and MTA relationship goes, and whether Mr. Gosselin knows the other 3 or 4 engineering firms mentioned that do consulting engineer work for other tolling authorities. He also asked whether HNTB has an office in Maine and does other work in Maine.

A: Mr. Gosselin understands the relationship goes back to 1941. MTA was the first turnpike in the country structured to be totally self-sustaining through revenues. There are no public funds committed, either federal, state or local. In 1941 MTA had no money. It is his understanding, that HNTB offered to do all of the planning and engineering, put the construction work out to bid and get the turnpike up and running and when the revenue stream started flowing, MTA could pay them back. That was quite a commitment, and there has been an allegiance to HNTB because of this. They made a significant contribution, not only to MTA, but to the State of Maine. He did not know the other engineering firms. HNTB does have an office in Westbrook and does a lot of work in Maine, including with MaineDOT.

Q: Rep. Pilon asked what the terms were for the members of the MTA Board. He also asked if there was a mortgage on the new headquarters MTA built and whether MTA still owned the building they were in previously.

A: Mr. Gosselin said the Board terms are set in statute, and are for 7 years.

There is a mortgage on the new MTA building and they intend to put the other building up for sale shortly.

Q: Rep. Pilon noted that MTA had investment income in 2008 of \$626,712 and in 2009 had a loss of investment income of \$16,258. He asked what caused the difference.

A: Mr. Gosselin suspected it may have been caused by a large amount of money being spent on capital projects. Also because interest rates have been lower the interest income on funds had evaporated.

Q: Rep. Lovejoy noted that the bond resolutions call for a firm with a "national reputation" to serve as the consulting engineer. He wondered what the impact in future bond resolutions would be of removing the word "national".

- A: Mr. Gosselin suspected there would be some impact, although he could not quantify it. Investors have to have an identification and level of confidence they can rely on the firm. If that would change to a statewide firm, it may have an adverse impact, but thinks people in the bond market would be best to respond to the question.
- Q: Chair Katz said it was his understanding that up until now, HNTB had served two separate functions. One is the annual inspection of the Turnpike and to recommend what work might need to be done, what areas needed to be rebuilt, what bridges needed repair, etc. The second task is to actually do the construction engineering on the projects themselves once the MTA Board decided which projects to do. He thinks that is an obvious conflict of interest between their two roles of recommending the work and then getting additional compensation for participating in the work. He asked why it was not more apparent to the Board before the OPEGA Report and what the Board intended to do about it.
- A: Mr. Gosselin said it is a bit difficult to answer why the Board has not taken action. It was apparent to them that there was the dual role but nobody has previously brought it to the Board's attention that it rises to a level of actual conflict. It does have the appearance of conflict but would seem to mitigate that the Board's involvement in scrutinizing what the HNTB recommends be done for work and making decision on the projects to be done. He said MTA accepted OPEGA's Report Recommendation and has developed a policy of splitting those roles, and are going to put more work out to local engineers.
- Q: Chair Katz moved to the Legislature's oversight of the MTA budget set out in Title 23, §1961. His understanding of how that works is that each year MTA submits its budget to the Transportation Committee which then reports it out as a bill. The implication is that the Transportation Committee is reviewing the full budget of MTA. MTA has commented that it seemed the Transportation Committee and the Legislature had been happy with the level of disclosure that MTA made with respect to its budget. The members of the Transportation Committee he has spoken with do not share that view and feel that the portion of the budget that MTA does not subject to legislative scrutiny was not known to them. He asked what was wrong, from MTA's perspective, of submitting the entire budget to the Legislature as the statute requires.
- A: Mr. Gosselin said MTA complies with the statute as stated. It is his understanding that 100% of the MTA budget is submitted to the Transportation Committee and that Committee can ask for any supplemental information. They can review the Revenue, Reserve Maintenance and Capital budgets. All of that data is provided by MTA in even greater detail than what the Transportation Committee receives from MaineDOT on its budget. The statute simply says the Legislature needs to approve the Operating budget. Director Ashcroft's observation is that, in her opinion, there are things that have traditionally been included in the Reserve Maintenance budget that should be in the Revenue budget. Some of the items in the Reserve Maintenance should be moved to the Operating budget. He said MTA will do whatever the Legislature wants them to do, but have to understand that MTA, to the best of his knowledge, is the only toll agency in the country that has to submit a budget to the Legislature. The risk associated with legislative approval of the budget has to do with whether or not the Legislature will take it upon itself to make substantial amendments to the budget that could have an adverse impact on toll revenues and MTA's abilities to retire principal and interest on bonds. He is sure that the Board would respect whatever the Legislature chooses to do.
- Q: Chair Katz's understanding was that the Reserve Maintenance Project Budget was not part of the materials submitted to the Transportation Committee and asked if that was so.
- A: Mr. Gosselin's understanding is that the Transportation Committee gets all the budget information, they just do not have to take action on approving it.
- Q: Chair Katz referred to the purchase of gift cards by the MTA in 2005 - \$26,000 of gift cards to Relais & Chateau, a hotel chain of very upscale hotels. He asked if Mr. Gosselin could tell him what MTA purpose was served by purchase of those gift cards and who received them.

A: Mr. Gosselin could not answer that question saying he does not get involved, as a Board member, at that level of detail.

Q: Chair Katz did not think \$26,000 was a small detail and asked if there was anyone at the meeting that would be able to answer his question.

A: Mr. Gosselin could not answer the question. He said MTA's Chief Financial Officer or Director of Finance may be able to.

Q: Chair Katz also noted another \$20,000 in gift cards from Leading Hotels, luxury hotels in this Country. \$8,500 to Fairmont Hotels, and over \$50,000 in gift cards from Marriott Hotel chains. He again questioned where and how those gift cards were used and what accounting records MTA had regarding them.

A: Mr. Gosselin said he was not privileged to that information, and although respected the Chair's question, could not answer.

Q: Chair Katz noted that MTA is an instrumentality of government, a quasi governmental entity and he has difficulty understanding why a governmental entity of the State of Maine needs to have lobbyists to lobby the Maine Legislature. The Departments of State Government are prohibited from doing so, and asked what was different about the MTA that they have the need to hire lobbyists.

A: Mr. Gosselin said MTA is a self supporting enterprise fund. To some extent they have a vested interest in what goes on in Augusta during the legislative session and that does not necessarily mean just something that directly impacts MTA. It may be legislation that affects workers comp, Maine State Retirement System, land use, and other regulatory issues. MTA could use staff people to try to cover all of the areas instead of hiring lobbyists but they may need certain expertise. The focus is on how best to manage the resources of MTA and get the necessary expertise to make sure that they are well represented. He does not believe it is an unlawful expenditure, and not necessarily inappropriate. MTA has to protect that revenue base and that is the cost of doing business.

Q: Chair Katz said the statute says MTA's operating surplus each year is to go to MaineDOT and anyone reading the statute would assume money is coming from MTA to help support the other work of the MaineDOT. Through OPEGA's Report, it was learned that does not happen because of the way MTA does its accounting and the way the statute is worded. He thinks the statute is meaningless and asked if it should be gotten rid of or changed so there is money flowing to MaineDOT.

A: Mr. Gosselin said since the current statutory language about surplus transfer was created, MTA has contributed over \$200 million to State projects. Money is flowing to the State. MTA is also required by statute to pay for the entire troop of the Maine State Police on the Turnpike, at the cost of about \$6 million a year. MTA has just partnered with MaineDOT to pay \$81 million on the bridge project between Maine and New Hampshire. Some would argue that the change in the statute where the previous statute specifically said MTA had to give "X" number of dollars per year to MaineDOT was substituted with the new statute that basically said you do not have to do that, you have to take care of your own needs before you start giving money away. There is no surplus until you raise revenue and if the State wants to dip into the revenue stream of the MTA, it means raising revenue. Mr. Gosselin's preference, and MTA has recommended in their testimony, is that you leave the statute alone, continue with the best practice they have today, it is a win-win for everybody. MaineDOT gets resources from MTA to do State highway projects, MTA gets benefit from those projects and can absolutely justify the use of those funds within their bond resolution. He does not think the statute is ambiguous, people who adopted the statute knew what they were doing.

Q: Sen. Trahan referred to Mr. Gosselin's statement that MTA has stopped doing a lot of the things they were doing in 2004 and 2005. However, in looking at information OPEGA provided it appears there was \$4,000 spent on meetings held in Portland when the Boards members stayed in hotels even though they live within a short distance of where the event was being held. He also noted that on July 15, 2008, MTA spent \$2,673 at the Saltwater Grill for dinner of 40 people at \$66 a head for some management group and directors.

A: After conferring with Paul Violette, Mr. Gosselin said it was his understanding that may have been the annual Board and staff dinner get together. Once a year the Board and Senior Management Team get together for a get to know each other as colleagues. He suspects those events will be revisited.

Q: Sen. Sullivan noted of the 7 recommendations made by OPEGA, MTA had already addressed some of them and the others they have agreed to address. She asked how many MTA had already started working on and was OPEGA justified in their findings. She asked if MTA thought the Report was fair. She is concerned with a lot of the issues raised in OPEGA's Report, but she does not want anyone to forget all the good MTA does and wanted to publicly thank MTA.

A: Mr. Gosselin said they were already adopting new policies and practices to address the issue with the engineering services. They have already made a commitment to hiring additional staff as part of that. In his personal opinion, he believed the Report was fair, noting they only fundamentally disagreed with OPEGA's conclusion that there was ambiguity in the statute dealing with the surplus. He supports OPEGA's Report, it gave the MTA Board a tool to be more vigilant and to make MTA a better organization. The Board is going to deal with the issues raised in the Report.

Q: Sen. Trahan stated he does not agree with MTA hiring lobbyists or giving money to 125 organizations, totaling \$1.4 million. Many of the organizations are political entities and hiring lobbyists who are part of an organization that participates in policy activities is wrong. He noted that when OPEGA started the MTA review he was told to be careful because MTA is extremely politically connected and he has seen that with what has happened thus far. Mr. Believeau, who works for the law firm of Preti, Flaherty, saw the MTA Report before he did; all along the process MTA lobbyists have been in the halls minimizing the damage and doing things to make sure the Report does not harm MTA in a negative way; he is receiving phone calls; and the GOC has received at least 26 letters from organizations MTA has given money to. Sen. Trahan said MTA does not have to lobby the Report like it is a bill in the Legislature, it is a non-partisan Report.

A: Mr. Gosselin said the Board is going to discuss how MTA conducts its business.

Q: Chair Burns said it has been suggested that MTA's Board be changed and asked how he would react if it was mandated that the State Treasurer sit on the Board?

A: Mr. Gosselin said he is not sure of the purpose of having the Treasurer sitting on MTA's Board since they have absolutely no State funds, and their bond indebtedness is of no concern of the State Treasurer. MTA's bonds are revenue bonds and have absolutely no implications to the State of Maine. He does not know what purpose that would serve, but he does not have an issue with it.

Chair Katz, on behalf of the GOC, thanked Mr. Gosselin for his candor and for answering the Committee's questions.

Chair Katz asked if there were any private citizens attending the meeting who wanted to offer public testimony who had traveled a distance.

Chair Katz said the public hearing related to OPEGA's MTA Report, not the controversy regarding the York toll plaza, and asked people to keep their comments to the Report.

The following gave testimony:

Marshall Jarvis, York, ME.

Richard Bilden, P.E., York, ME.

Joan Jarvis, York, ME.

Ken Grondin, President, Associated General Contractors of Maine, Augusta, ME

Rep. Benjamin Chipman, Portland, ME.

Christian Milneil, Portland, ME.

Kerry Pritchard, York, ME.

Linwood Higgins, Scarborough, ME.

Patrick Murphy, President, Pan Atlantic SMS Group, Portland, ME.

RECESS

The Government Oversight Committee recessed at 12:25 p.m. on the motion of Chair Katz.

RECONVENED

Chair Katz reconvened the meeting at 1:00 p.m. and continued the public comment period on OPEGA's MTA Report. The following gave testimony:

James MacLeod, SVP, Bangor Savings Bank, Portland, ME.

Senator Dennis Damon, Trenton, ME. (former Senator).

Greg Chabot, Partner, Runyon Kersteen Ouellette, South Portland, ME.

Senator Dawn Hill, Cape Neddick, ME.

John Melrose, Vassalboro, ME.

Chair Katz then recognized **Paul Violette**, Executive Director, MTA. The GOC's questions and comments of Mr. Violette included:

Q: Sen. Trahan asked why MTA's records on expenses did not include information on the purpose of meetings, trips, etc.

A: Mr. Violette said as MTA came out of 2005 and the post widening period, they started looking at ways to decrease operating expenses. He noted the consistent pattern of the moderation in MTA's expenses from 2005 to present. He said what was practiced years ago was no longer practiced. MTA did not need OPEGA's Report to tell them they needed to modify what they were doing with regard to meals and lodging expenses. They had already reviewed these and fundamentally changed their expenditures for meals and lodgings. What was a past practice, has changed. There may be issues regarding record keeping, and is an area MTA has already changed. It does not make excuses for the past, it simply says MTA has already changed that.

With respect to contributions to organizations, MTA has agreed it will create a policy regarding this. MTA's Board is going to vet the memberships and sponsorships MTA currently has through the new policy. They do think MTA gets a good return on their investment for participation in certain organizations

In regard to gift certificates, Mr. Violette said MTA did purchase gift certificates to the leading hotels and dispensed them as donations and sponsorships primarily to organizations MTA belonged to as members. It is a practice now he would rather they had not done in that fashion, but it was part of the way they did business. Businesses receive requests for donations all the time from the communities that they are invested in. When MTA received a request from a school, an association, athletic group, etc. asking for a donation to their fund raising that is an area MTA would use the gift certificates. It became evident to MTA, for a variety of reasons, that they should stop that practice, and they did. They used the balance of the inventory of gift certificates they had and the last of those were purchased in 2006.

With respect to governmental affairs, MTA considers this an important part of their business and it is a modest expense. They do have a full time government affairs manager who is also involved in planning, Conrad Welzel, and two people registered under the State registration where it is an employee of the entity. Mr. Violette believes MTA is in full compliance with the law in hiring outside consultants for government affairs and lobbying, he does not believe MTA is prohibited from doing so. They have found that to be economical because MTA only needs to augment their government affairs representative during the session and the balance of the year do not need those services. MTA is a \$100 to \$140 million a year business, but have a modest management group of six. They are not a company that has a specialty in every area and they use third-party consultants whenever they can.

Q: Sen. Trahan asked if the independent engineer accompanied MTA on trips, or were included in the charges for meals.

A: Mr. Violette said on occasion, yes. If the independent engineer was present, at a dinner for 7 people, MTA just paid for it rather than have them pay and send a bill to MTA.

Q: Sen. Trahan referred to the hiring of lobbyists and that Mr. Violette said he believed MTA was following the law when it came to hiring lobbyists. He asked if Mr. Violette, or someone from MTA, sought an opinion regarding hiring outside lobbyists.

A: Mr. Violette said he does know that he had asked either his internal attorney, or would have asked MTA's corporate lawyers, Preti, Flaherty. Who else could he have asked.

Q: Sen. Trahan said he could have contacted the Attorney General's Office. Mr. Violette agreed.

Q: Rep. Fossel asked if the gift certificates all came from MTA or were any contributed by their subcontractors or suppliers.

A: They were all purchased by MTA. The certificates purchased at Marriott, in particular, because HMS Host was the vendor on the Turnpike, and MTA purchased those through a corporate program. You buy them for less than face value. If you are a corporation and go to LL Bean and want to give \$100 gift certificate to your employees, for example, you cannot exchange it for cash because you purchase it at a discount. Those were purchased at a discount. It was cheaper for MTA to buy them than to send someone money and they would have gotten less value with what they sent them. That does not justify it, but that was the thought process behind it. That was only true with Marriott, the others were purchased by MTA at face value.

Regarding the issue of surplus transfers, Mr. Violette said this was always problematic because MTA never had a surplus. MTA artificially created a surplus and borrowed to fund the surplus. That was not sustainable and rating agencies found it to be unacceptable. The money MTA had transferred to MaineDOT was moved to the State's General Fund because Turnpike funds are totally fungible, they are not covered by the constitutional amendment as the gas tax is that has to be used for roads and bridges. Some see them as being very attractive dollars. The rating agencies much preferred MTA to partner on projects as long as the project is seen as being in the general area of the Turnpike.

Q: Sen. Trahan stated he is not as comfortable as some accepting that the changes MTA is proposing be done just through MTA policy. He asked if Mr. Violette would agree with some of the changes being done by statute.

A: Mr. Violette would have to see what they were, he could not answer without knowing the specifics.

Q: Chair Burns noted that Mr. Violette referred several times to "the patterns" that MTA was engaged in and that those have changed, and practices have been modified. He asked what prompted MTA to change its patterns.

- A: Mr. Violette said different times and circumstances demand or expect different types of things to be done. The widening period was a particularly unusual time at MTA and they were coming out of that in 2005. They looked at what they were spending money on, what they had been spending their money on through that period. There were a variety of things that were unique to the widening that affected the expense areas that the GOC has been looking at that were not necessary anymore. MTA began a process of moderation in those expense areas to reflect a change. They had a massive program that was ongoing, and there was far more involvement in communities, communication and other aspects that was absolutely necessary to deal with the widening of the Turnpike. MTA's involvement in organizations that were affected by what they were doing during the widening of the Turnpike, whether it was in sponsorships or memberships, was greater during the widening period. They had more of a need to be integrated with a variety of those organizations. MTA's involvement was more active during that period, but now they are in a more normal and balanced capital program. Mr. Violette thinks those expenses were appropriate at the time otherwise he would not have approved them.
- Q: Chair Burns asked if MTA's Board was aware of all of those types of expenditures, including gift certificates.
- A: MTA's Board was aware that MTA was actively involved actively as a partner in many organizations along the length of the Turnpike. As to whether the Board was aware of every specific aspect of the day-to-day, Mr. Violette said the Chairman signs the requisitions with respect to what is being paid. He would talk to the Chairman, or the Board as a whole, about a request or something he had been asked to do to get guidance.
- Q: Sen. McCormick followed up on the comments regarding the widening of the Turnpike. He said he can understand that being a reason for some of those expenditures, but he also recalls publicity regarding MTA travel and other expenses and asked if that public reaction also contributed to looking at changes to MTA's practices.
- A: Mr. Violette said MTA belongs to trade associations that are relevant to toll businesses and one of those is the International Bridge, Tunnel and Turnpike Association which is the only trade association for tolled facilities in the world. He was on the Board of that organization, President of it, with the approval of the Board. There is an annual meeting that Board members and Directors attend to talk about running a toll business. The last time that was of note was when the annual meeting was in Vienna. There was not much attention given to the one held in Pittsburg the year before. Mr. Violette and the Deputy Director attended that meeting. He believes there is a place for MTA in that organization, learning things and best practices from meetings they attend and bring back. MTA has since moderated its involvement in that Trade Association by a substantial measure.
- Q: Chair Katz asked Mr. Violette to comment on the action MTA will be taking to address the issue with the engineering consultant.
- A: Under MTA's plan HNTB will continue to serve as the general consulting engineer and then MTA will enter into another contract with them with respect to program management, which they will phase out. MTA cannot eliminate their relationship with HNTB today, they are already in the midst of designing projects that need to be done the next two years, so they are going to phase through it. The engineer will no longer be responsible for inspection and program design. Engineering firms will compete to provide those services. Mr. Violette said there were no engineers when he first came to the Turnpike and since then they have hired engineers and the work of HNTB is reviewed by those in-house staff. But relevant to OPEGA's Report, MTA will break up the work that has been traditionally done by HNTB into four distinct areas and begin putting some of those services out for competitive bid using the list of pre-qualified consultants the MaineDOT has developed.
- Q: Chair Katz asked if there was any information or records Mr. Violette has about where the gift cards went.
- A: Mr. Violette said he did not.

Q: Chair Katz said there were \$157,000 of gift cards and MTA cannot say where they went.

A: Mr. Violette noted that MTA can say they went to a variety of organizations, but cannot say the exact amount of each. There is no accounting records for the gift cards.

Q: Rep. Pilon asked how many employees have company cars and whether any employees receive company bonuses?

A: Mr. Violette did not know how many employees were furnished cars, but would get that information. MTA employees are very rarely given bonuses and he estimated that at most, if any, one or two a year and that is an extreme exception. Bonuses are allowed under MTA's pay plan and would be something he would discuss with the Personnel Subcommittee of the Board.

Q: Sen. Trahan asked Mr. Violette to explain the process by which people ask for donations from MTA. He also wanted to know if people within the Legislature go to MTA soliciting funding for organizations.

A: The only time he has been asked to donate to the Legislature, not individuals, was to support the Council of State Governments conference. The Legislature's leadership asked MTA to contribute to that event because it was in Maine. Mr. Violette referred GOC members to the list of organizations that MTA belonged to in 2010 and noted that more than a third are professional organizations. MTA has been reducing the number of organizations they belong to.

Mr. Violette said in answer to Rep. Pilon's question regarding company cars that MTA has a total of nine cars. Eight are operated by managers that are on call 24/7 and him.

Q: Chair Burns referred to the list of organizations provided by MTA and asked if the \$10,000 to the Maine Development Foundation (MDF) was done annually and if it was for dues.

A: It is for dues. MTA is partnering with them to support their organization, their annual economic report they put out in concert with the Chamber and their downtown economic development program. MTA participates in their organization, and have sent staff to their leadership class.

The GOC thanked Mr. Violette for attending the meeting and answering their questions.

The following then gave testimony:

Severin Beliveau, Esq., Preti, Flaherty, Augusta, ME

Jim Nadeau, York, ME.

Vaughn Stinson, CEO, Maine Tourism Association, Hallowell, ME

Sam Adolphsen, Director, Center for Open Government, Maine Heritage Policy Center.

The written testimony listed below was received by GOC, but was not presented during the public hearing:

- **John O'Dea**, Chief Executive Officer, Associated General Contractors of Maine, Augusta, ME
- **Carl Eppich**, Vice President, Northern New England Chapter of the American Planning Association, Portland, ME
- **Ralph Nelson, Jr.**, President Election, Maine Section American Society of Civil Engineers, Falmouth, ME
- **Erik Wiberg**, Maine Engineering Promotion Council and the Maine Section of the American Society of Civil Engineers
- **Charles Morrison**, President, Androscoggin County Chamber of Commerce, Lewiston, ME
- **Craig Pendleton**, Executive Director, Biddeford-Saco Chamber of Commerce & Industry, Saco, ME
- **Lauren Corey**, CPA, CEBS, Portland, Me
- **Neal Allen**, Executive Director, The Greater Portland Council of Governments, Portland, ME

- **Jim Hanley**, Government Affairs Manager, Pike Industries, Inc., Westbrook, ME
- **C.L. “Larry” Hutchins**, South Portland, ME
- **Patrick Jones**, Executive Director & CEO, International Bridge, Tunnel and Turnpike Association, Washington, DC
- **Peter Thompson**, President & CEO, Kennebec Valley Chamber of Commerce, Augusta, ME
- **Larry Mead**, Town Manager, Town of Kennebunkport, ME
- **Jonathan Carter**, Town Manager, Kittery, ME
- **Lisa Dube**, Past President and Secretary of Kiwanis Club, Brunswick, ME
- **Laurent Gilbert**, Sr., Mayor, Lewiston, ME
- **Alan Hahnel**, Chairman of the Board, Lewiston-Auburn Economic Growth Council, Lewiston, ME
- **Ted MacDonald**, Gray, ME
- **Deborah Avasthi**, President, Maine Better Transportation Association, Augusta, ME
- **Laurie Lachance**, President & CEO, Maine Development Foundation, Augusta, ME
- **Shelley Doak**, Executive Director, Maine Grocers Association, Hallowell, ME
- **Brian Parke**, President & CEO, Maine Motor Transport Association, Augusta, ME
- **Eldon Morrison**, CEO, CPM Construction, Freeport, ME
- **W. Godfrey Wood**, CEO, Portland Regional Chamber
- **Richard Michaud**, City Administrator, City of Saco, ME
- **Mark Green**, Town Manger, Sanford, ME
- **Paul Schumacher**, Executive Director, Southern Maine Regional Planning Commission, Springvale, ME
- **Joyce Newman**, President, Board of Directors and Elizabeth Jamison, Executive Director, Women Unlimited, Augusta, ME
- **Douglas Hermann**, President, Wyman & Simpson, Inc., Richmond, ME
- **Connie Garber**, Transportation Director, York County Community Action Corporation, Sanford, ME

Chair Katz ended the public hearing on OPEGA’s MTA Report at 5:10 p.m.

STATUS REPORTS FROM DIRECTOR

- **Current Work in Progress**

Not discussed

OPEGA’S ANNUAL REPORT (Separate Report)

Not discussed

NEXT GOC MEETING DATE

Following Committee discussion it was decided that the Chairs will ask permission to meet February 18, 2011 in place of Friday, February 25, 2011.

ADJOURNMENT

The Government Oversight Committee meeting was adjourned at 5:15 p.m.