

WLS *Sam*



THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION



Victoria F. Sheehan
Commissioner

William Cass, P.E.
Assistant Commissioner

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 03301

Bureau of Rail & Transit
June 7, 2021

REQUESTED ACTION

Authorize the Department of Transportation to enter into an agreement with Advance Transit, Inc. (Vendor 166573), Wilder, Vermont, for an amount not to exceed \$6,193,964.00 for public transportation services in the Hanover-Lebanon area, for the period of July 1, 2021 through June 30, 2023, effective upon Governor and Executive Council approval. 99% Federal Funds, 1% General Funds.

Funding for this agreement is contingent upon the availability of funds in Fiscal Year 2022 and Fiscal Year 2023, with the ability to adjust encumbrances through the Budget Office between State Fiscal Years if needed and justified.

	<u>FY 2022</u>	<u>FY 2023</u>
04-96-96-964010-2916 Public Transportation		
072-500575 Grants to Non-Profits-Federal	\$3,209,700.00	\$2,914,700.00
04-96-96-964010-2916 Public Transportation		
073-509074 Grants Non-Federal	\$34,782.00	\$34,782.00

EXPLANATION

The Department has approved a request for Federal Transit Administration (FTA) funding from Advance Transit, Inc. to assist in the provision of public transit service in the Hanover-Lebanon area. This agreement includes Federal COVID relief funding including the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted March 27, 2020 and the American Rescue Plan (ARP) Act enacted March 11, 2021. The FTA apportioned funding to all states to support operating, capital, and other expenses generally eligible under the FTA Section 5311 Rural Area Formula Program. This request includes formula and relief funds from each of the aforementioned funding programs as well as State general funds to assist in meeting the non-federal match requirements.

Advance Transit, Inc. is a private, non-profit organization that provides rural public transportation in the Upper Valley region of New Hampshire and Vermont. Each state's share of Advance Transit's funding is based on a Memorandum of Understanding (MOU) signed by the transit system and the two states and has been in effect since September 30, 1993. For the FY 2022-2023 biennium, Advance Transit will

receive \$6,104,400.00 of FTA Section 5311 funds, \$20,000.00 of FTA Section 5311 (b) funds as well as \$69,564.00 of State general funds. Details relative to each funding program and Advance Transit's award of these funds are outlined below.

The Department's proposed SFY 2022 and 2023 operating budget includes funds from the FTA Section 5311 Formula Grants for Rural Areas Program (Section 5311) that provides funds for capital, planning, and operating assistance for public transportation in rural areas with populations of less than 50,000.

The Department released a public notice on January 14, 2021 announcing the availability of FTA Section 5311 funds. Applications for requested funding were due on March 01, 2021. The Department received applications for six (6) rural public transit systems and awarded funding to each transportation system. The systems and their respective application scores are as follows:

Transit System	Applicant	Average Score
Advance Transit	Advance Transit, Inc.	89.30%
Sullivan County Transportation	Southwestern Community Services	86.30%
Concord Area Transit	Community Action Program Belknap-Merrimack Counties, Inc.	82.20%
Carroll County Transit	Tri-County Community Action Program	78.80%
City Express	VNA at Home Healthcare, Hospice & Community Services	78.70%
North Country Transit	Tri-County Community Action Program	78.30%

An evaluation committee that consisted of the Public Transportation Administrator, Transit Grants Coordinator, and the Transportation Specialist reviewed, evaluated, and scored FTA Section 5311 applications based on criteria as indicated in the application materials and the Department's State Management Plan for FTA programs. The evaluation matrix is provided below for reference:

	Evaluation Criteria	Weight
1	The proposed service effectively addresses a demonstrated community need, and/or the proposed service is a continuation or expansion of existing services.	15%
2	The applicant has the fiscal and technical capacity and adequate budget to operate its service.	15%
3	The applicant has successful experience in providing transportation services.	15%
4	The application shows coordination with other transportation providers in the service area: public, nonprofit, and for-profit.	10%
5	The applicant demonstrates involvement in and support for the project, financial and otherwise, on the part of citizens and local government.	10%
6	The applicant demonstrates effort to involve the private sector in the delivery of transportation services.	10%
7	The applicant successfully demonstrates service efficiency and effectiveness, measured in ridership, service miles and hours, costs, and fare recovery. New applicants must demonstrate the ability to measure performance and achieve goals.	15%

8	The applicant complies with relevant federal and state regulations, and has a history of compliance with regulations and reporting requirements.	10%
		100%

Note: Every application met the Department’s criteria for inclusion in its SFY 2022-2023 public transit funding plan and will be awarded separate amounts for the aforementioned transit systems.

The Department’s proposed FY 2022 and 2023 operating budget includes \$200,000.00 of State Funds per year to assist 10 public transit systems with matching FTA Section 5311 (Rural) or 5307 (Urban) operating funds. The State Funds will be distributed to transit systems based on three ridership tiers and will be distributed as follows:

Category	Agency	Ridership	SFY 2022	SFY 2023
Tier 1: Less than 50,000 Rides				
	TCCAP- North Country Transit	26,319	\$8,696.00	\$8,696.00
	TCCAP- Carroll County Transit	1,720	\$8,696.00	\$8,696.00
	Southwestern Community Services	18,007	\$8,696.00	\$8,696.00
	VNA @ HCS (Keene City Express)	23,014	\$8,696.00	\$8,696.00
	CART (an MTA service)	11,607	\$8,696.00	\$8,696.00
Subtotal			\$43,480.00	\$43,480.00
Tier 2: 50,000 to 200,000 Rides				
	BMCAP- Concord Area Transit	71,177	\$17,392.00	\$17,392.00
Subtotal			\$17,392.00	\$17,392.00
Tier 3: Over 200,000 Rides				
	Advance Transit	630,023	\$34,782.00	\$34,782.00
	Manchester Transit Authority (MTA)	309,983	\$34,782.00	\$34,782.00
	City of Nashua (Nashua Transit)	340,677	\$34,782.00	\$34,782.00
	COAST	330,800	\$34,782.00	\$34,782.00
Subtotal			\$139,128.00	\$139,128.00
Total Ridership Distribution			\$200,000.00	\$200,000.00

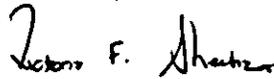
Eight agencies operate the 10 public transit systems and will receive state operating funds in the amounts listed above. The state funds will assist public transit systems in meeting the non-federal match requirements and will provide financial support for New Hampshire’s public transit services. Non-federal matching funds of at least 50% are required for transit operations. Advance Transit is included in the Tier 3 ridership category; and will receive \$34,782.00 per year and a total of \$69,564.00 for the biennium.

Advance Transit, Inc. will provide the remaining required non-federal matching funds. Stimulus funding supported by FTA at 100% in the form of CARES and ARP will be utilized by drawing against the CARES balance first and then ARP funds. In the event that Federal Funds become unavailable, additional general funds will not be requested to support this program.

The agreement has been approved by the Attorney General as to form and execution. Copies of the fully executed agreement are on file at the Secretary of State's Office and the Department of Administrative Services' Office; and subsequent to Governor and Council approval will be on file at the Department of Transportation.

Your approval of this resolution is respectfully requested.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria F. Sheehan". The signature is written in a cursive style with a large initial "V".

Victoria F. Sheehan
Commissioner

Attachments

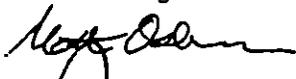
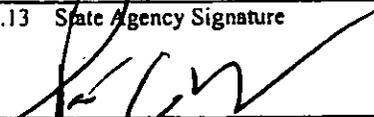
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

I. IDENTIFICATION.

1.1 State Agency Name NH Department of Transportation		1.2 State Agency Address PO Box 483, 7 Hazen Dr., Concord, NH 03302-0483	
1.3 Contractor Name Advance Transit, Inc.		1.4 Contractor Address 120 Billings Farm Road, PO BOX 1027, Wilder, VT 05088-1027	
1.5 Contractor Phone Number 802-295-1824 x 201	1.6 Account Number 04-96-96-964010-2916-072-500575	1.7 Completion Date June 30, 2023	1.8 Price Limitation \$6,193,964.00
1.9 Contracting Officer for State Agency Michelle Winters, Administrator, Bureau of Rail & Transit		1.10 State Agency Telephone Number 603-271-2468	
1.11 Contractor Signature  Date: 5/5/21		1.12 Name and Title of Contractor Signatory Matt Osborn, President	
1.13 State Agency Signature  Date: 5/14/21		1.14 Name and Title of State Agency Signatory Patrick C. Herlihy Director Aeronautics, Rail and Transit	
1.15 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.16 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By: Emily C. Young On: 6/3/2021			
1.17 Approval by the Governor and Executive Council (if applicable) G&C Item number: _____ G&C Meeting Date: _____			

**ADVANCE TRANSIT, INC.
EXHIBITS TO CONTRACT**

EXHIBIT A Special Provisions

EXHIBIT B Scope of Services

EXHIBIT C Budget

EXHIBIT D Vehicle List

Certificate of Good Standing

Certificate of Corporate Vote

Certificate of Insurance

FTA Certifications and Assurances

FTA Master Agreement

DOL Special Warranty – Unified Protective Arrangement

2 CFR Part 200

FTA Section 5311

Social Service Documents to Include:

501 (c)

Financial Report

Board of Directors

Key Personnel and Salaries

Resumes

2. SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT B which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds affected by any state or federal legislative or executive action that reduces, eliminates or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope for Services provide in EXHIBIT B, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to reduce or terminate the Services under this Agreement immediately upon giving the Contractor notice of such reduction or termination. The State shall not be required to transfer funds from any other account or source to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT C which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete

compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all applicable statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal employment opportunity laws. In addition, if this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all federal executive orders, rules, regulations and statutes, and with any rules, regulations and guidelines as the State or the United States issue to implement these regulations. The Contractor shall also comply with all applicable intellectual property laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3. The Contractor agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

Contractor Initials MO
Date 5/5/21

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely cured, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 give the Contractor a written notice specifying the Event of Default and set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 give the Contractor a written notice specifying the Event of Default, treat the Agreement as breached, terminate the Agreement and pursue any of its remedies at law or in equity, or both.

8.3. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

9. TERMINATION.

9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, terminate the Agreement for any reason, in whole or in part, by thirty (30) days written notice to the Contractor that the State is exercising its option to terminate the Agreement.

9.2 In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall, at the State's discretion, deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT B. In addition, at the State's discretion, the Contractor shall, within 15 days of notice of early termination, develop and

submit to the State a Transition Plan for services under the Agreement.

10. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

12.1 The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice, which shall be provided to the State at least fifteen (15) days prior to the assignment, and a written consent of the State. For purposes of this paragraph, a Change of Control shall constitute assignment. "Change of Control" means (a) merger, consolidation, or a transaction or series of related transactions in which a third party, together with its affiliates, becomes the direct or indirect owner of fifty percent (50%) or more of the voting shares or similar equity interests, or combined voting power of the Contractor, or (b) the sale of all or substantially all of the assets of the Contractor.

12.2 None of the Services shall be subcontracted by the Contractor without prior written notice and consent of the State. The State is entitled to copies of all subcontracts and assignment agreements and shall not be bound by any provisions contained in a subcontract or an assignment agreement to which it is not a party.

13. **INDEMNIFICATION.** Unless otherwise exempted by law, the Contractor shall indemnify and hold harmless the State, its officers and employees, from and against any and all claims, liabilities and costs for any personal injury or property damages, patent or copyright infringement, or other claims asserted against the State, its officers or employees, which arise out of (or which may be claimed to arise out of) the acts or omission of the

Contractor, or subcontractors, including but not limited to the negligence, reckless or intentional conduct. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph 13. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and continuously maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 commercial general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate or excess; and

14.1.2 special cause of loss coverage form covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than ten (10) days prior to the expiration date of each insurance policy. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. The Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. **NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

17. **AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

18. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party. Any actions arising out of this Agreement shall be brought and maintained in New Hampshire Superior Court which shall have exclusive jurisdiction thereof.

19. **CONFLICTING TERMS.** In the event of a conflict between the terms of this P-37 form (as modified in EXHIBIT A) and/or attachments and amendment thereof, the terms of the P-37 (as modified in EXHIBIT A) shall control.

20. **THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. **HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. **SPECIAL PROVISIONS.** Additional or modifying provisions set forth in the attached EXHIBIT A are incorporated herein by reference.

23. **SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. **ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings with respect to the subject matter hereof.

ADVANCE TRANSIT, INC.
EXHIBIT A
SPECIAL PROVISIONS

- A.1. Amend P-37 Section 2. "EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED" by adding the following:**
- 2.1 The Contractor may change services only with the prior written agreement of the State and in accordance with applicable Federal Transit Administration (FTA) requirements.**
- A.2. Amend P-37 Section 5. "CONTRACT PRICE/PRICE LIMITATION/PAYMENT" by adding the following:**
- 5.5 As applicable based on Federal participation ratios, the amount paid by the State to the Contractor shall not exceed 50% of allowable operating costs less fare revenues plus 80% of allowable administrative and capital costs. Operating, administrative and capital costs are identified in Exhibit B. The Contractor shall provide and document the availability of local funds sufficient to meet the project cost in excess of the Contract Price Limitation.**
 - 5.6 In the event that revenues exceed the total allowable costs, said revenues in excess of total allowable costs shall be placed in an interest-bearing account within 30 days of the Completion Date and made available to the State upon demand.**
 - 5.7 The Contractor shall submit a request for payment to the State on a form specified by the State on a monthly or quarterly basis, together with all information to support the request. Such requests for payment shall be properly completed and signed. Requests for payments must be for allowable costs only as defined in 2 CFR Part 200. No requests for advance payment will be accepted by the State.**
 - 5.8 Upon receipt of the request for payment, the State shall review the request to determine the allowability of costs. In connection with this review, the State may demand production of (and the Contractor shall produce) and inspect any documents and records described in Section 5.**
 - 5.9 Within 30 days of receipt of the request for payment and other documents and records required by the State, the State shall determine the allowability of costs and the amount due and owing to the Contractor and shall pay said amount, subject to other provisions of this Agreement. Contract reimbursements shall not exceed 50% of the total contract amount in any given quarter.**
 - 5.10 Final Payment. Satisfactory acceptance by the State and FTA of all reports required by this Agreement is a condition precedent to final payment (i.e., payment for the last month or portion thereof of this Agreement). All reports will be prepared to the satisfaction of the State and Federal Transit Administration (FTA). The final payment may be retained and withheld pending receipt and satisfactory acceptance of all reports required by this Agreement and resolution of all pending matters.**
- A.3. Amend P-37 Section 6. "COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY" by adding the following:**

- 6.4 The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
 - 6.5 The Contractor shall state, in all solicitations or advertisements for employees, that all qualified applicants will receive consideration for employment without regard to race, color, age, creed, sex or national origin.
 - 6.6 The provisions of 2 CFR 200 shall apply to local administration of this agreement and any subcontracts under this agreement.
- A.4. Amend P-37 Section 9. "DATA/ACCESS/CONFIDENTIALITY/PRESERVATION" by adding the following:
- 9.4 The following restrictions apply to all subject data first produced in the performance of this agreement:
 - a) Except for its own internal use, the Contractor may not publish or reproduce such data in whole or in part, or in any manner or form, nor may the Contractor authorize others to do so, without the written consent of the State, until such time as the FTA may have either released or approved the release of such data to the public.
 - b) As authorized by 2 CFR 200, the FTA reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish and otherwise use, and to authorize others to use, for Federal purposes, any work developed under a grant, cooperative agreement, sub-grant, or third party contract, irrespective of whether a copyright has been obtained; and any rights of copyright to which a recipient, sub-recipient, or third party contractor purchases ownership with Federal assistance.
 - 9.5 It is FTA's intent to increase the body of mass transportation knowledge. Therefore, the Contractor understands and agrees that in addition to the rights set forth in 9.4 (b) above, FTA may make available to any recipient, subgrantee, contractor or subcontractor its license in the copyright to the date derived under this Agreement or a copy of the data first produced under this Agreement.
 - 9.6 The Contractor shall indemnify, save and hold harmless the State and United States, their officers, agents and employees acting within the scope of their official duties against any liability, including costs and expenses, resulting from any willful or intentional violation of the proprietary rights, copyrights, or right of privacy, arising out of the publication, translation, reproduction, delivery, use, or disposition of any data furnished under this Agreement.
 - 9.7 Nothing contained in this clause shall imply a license to the United States under any patent or be construed as affecting the scope of any license or other right otherwise granted to the United States under any patent.
 - 9.8 Sections 9.4, 9.5, and 9.6 above are not applicable to material furnished to the Contractor by the State or United States and incorporated in the work furnished under the agreement; provided that such incorporated material is identified by the Contractor at the time of delivery of such work.

9.9 In the event that the project is not completed for any reason, all data developed under that project shall become subject Data as defined in Section 9.1 and shall be delivered as the State or FTA may direct.

A.5. Amend P-37 Section 10. "TERMINATION" by adding the following:

10.1 The termination report must be accepted by the State and the Federal Transit Administration (FTA) prior to final payment.

10.2 Termination; Liability. In the event of termination under Section 4 or 10.4 of this Agreement, the acceptance of a Termination Report by the State shall in no event relieve the Contractor from any and all liability for damages sustained or incurred by the State as a result of the Contractor's breach of its obligations hereunder, including refund of any federal funds required by FTA.

10.3 Completion of Services; Payment of Price. Excepting those obligations of the Contractor which, by the terms of this Agreement, do not expire on the Completion Date, upon the completion of the Services and upon payment of the Contract Price, this Agreement, and all obligations of the parties hereunder, shall cease and shall be without recourse to the parties hereto.

10.4 Termination for Convenience. Notwithstanding anything in this Agreement to the contrary, either the State or, except where notice of default has been given to the Contractor hereunder, the Contractor may terminate this Agreement without cause upon thirty (30) days written notice.

A.6. Amend P-37 Section 12. "ASSIGNMENTS/DELEGATION/SUBCONTRACTS" by adding the following:

12.1 The Contractor shall cause the provisions of this contract to be inserted in all subcontracts for any work covered by this Agreement so that the provisions will be binding on each subcontractor; provided, however, that the foregoing provisions shall not apply to subcontractors for standard commercial supplies or raw materials. The Contractor shall take such action with respect to any subcontract as the State may direct as a means of enforcing such provisions, including sanctions for noncompliance. The Contractor shall ensure that any subcontractor has obtained all licenses, permits or approvals required for the performance of contract services.

A.7. Amend P-37 by adding "DEFINITIONS" as Section 25:

25. DEFINITIONS

ALLOWABLE COSTS: Costs that are incurred in the performance of the Services described in Exhibit A and which satisfy the requirements of 2 CFR 200.

FTA: U.S. Department of Transportation, Federal Transit Administration

PROJECT APPLICATION: The narrative, charts, figures and/or maps submitted to the State detailing the scope of the public transportation program of the Contract as

modified and approved by the State.

REVENUE: Fares from individuals or other direct income for the public transportation services being provided by the Contractor. Revenues also include funds from contracts, purchase of service agreement, and excess matching funds that directly benefit the transportation service.

SECTION 5311: Section 5311 of the Federal Transit Act of 1964, as amended.

STATE: The State of New Hampshire, acting through the Department of Transportation, Bureau of Rail and Transit.

A.8. Amend P-37 by adding "ACCOUNTING, BOOKKEEPING AND REPORTING REQUIREMENTS" as Section 26:

1. **Ledgers.** Contractor and/or subcontractor shall establish and maintain ledger sheets for each budget category. Entries shall be made and shall reflect the financial activities of the Contractor. The ledger sheet must be in a form approved by the State. The ledger will indicate the funds remaining in each line item of the Contract Budget at the beginning of each month. Entries shall be made on a running basis and carried over to the following month; that is, figures will be brought forward cumulatively. Contractor shall also prepare and submit to the State a profit and loss statement quarterly if such information is not provided with invoices.
2. **Accounts Receivable.** Contractor and/or subcontractor shall deposit all revenue in an interest-bearing account with a banking institution in this State. Contractor shall prepare and maintain receipt vouchers for all revenue. Immediately upon receipt, Contractor and/or subcontractor shall credit all revenue to the appropriate receipt account. Contractor and/or subcontractor shall establish and maintain an Accounts Receivable Ledger. The receipt number appearing in the Ledger shall correspond to the receipt voucher number. A receipt voucher must be completed on a form approved by the State and shall identify each component of every deposit. All appropriate supporting documents for each deposit should be attached to the receipt voucher.
3. **Payables.** Contractor and/or subcontractor shall prepare vouchers to document all expenditures of funds. The voucher shall include the following information and shall be prepared on a form approved by the State: The Division and account numbers from which the funds will be drawn, the date of expenditure, a voucher number running in sequence, and any appropriate comments supporting the expenditure of funds (e.g., invoices and payroll vouchers). All invoices received by the Contractor shall be checked for accuracy and allowability. Each invoice must be approved for payment by the Contract Manager or designee. Immediately upon payment, Contractor and/or subcontractor shall make entries to the appropriate ledger sheets documenting payment. (Each subcontractor shall identify a Contract Manager).
4. **Voucher and Receipt Register.** Contractor and/or subcontractor shall establish and maintain two registers that will contain a running total of all payable receipt vouchers. The registers will provide a summary of voucher or receipt numbers, amount and purpose of action. No self-designated abbreviations are to be used.

- .5. **Check Register.** Contractor and/or subcontractor shall maintain a check register. This register is also considered a book of original entry, and is posted to the ledger immediately.
- .6. **Time Sheet, Taxes, and Benefits.** Contractor and/or subcontractor shall require each of its employees to: 1) submit weekly time reports designating work performed and time spent on such work, or 2) be included in an indirect cost allocation plan approved by the cognizant Federal agency. The contractor shall summarize time reports by task and apply employee's rates of pay to the hours worked. The Contract Manager shall review completed and signed time reports, and cause them to be posted to the appropriate category in the general ledger. The Contractor shall maintain records of employee payroll and benefits and shall post this information to the appropriate category in the general ledger. The Contract Manager shall ensure that all payments are on a timely basis.
- .7. **Reimbursements.** On a monthly basis, the Contractor shall submit a description of Contract activities, in a format as required by the State. Should the Contractor show a profit for any month, the Contractor shall apply the amount of profit against subsequent reimbursement requests. The Contractor shall agree to provide information in addition to the monthly narrative at such times and in such manner as the State may require, and to prepare any reports which may be requested by the State including but not limited to a final or termination report if operations cease.
- .8. **Maintenance of Records.** The Contractor shall keep and maintain the records, documents, and accounts described herein for a period of three years after the FTA grant is closed. The Contractor shall maintain, and make available to the State and FTA, records relating to complaints and comments received from the public. In the event the State disputes the Contractor's operations or records as submitted for payment or otherwise, final resolution shall rest with the State.
- .9. **Audits and Inspections.** Between the Effective Date and the Completion Date, and for a period of three (3) years after the FTA grant is closed or the date of resolution of all matters relating to this Agreement, whichever is later, at any time during the Contractor's normal business hours, and as often as the State or FTA may demand, the Contractor shall make available to the State and FTA or their designees all records pertaining to matters covered by this Agreement. The Contractor shall permit the State and FTA to audit, examine, and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, Data (as defined in P-37 section 9.1) and other information relating to all matters covered by this Agreement. As used in this paragraph, "Contractor" includes all persons, natural or fictional, affiliated with; controlled by, or under common ownership with, the entity identified as the Contractor in 1.3 of P-37.
- .10. **Independent Audit.** The Contractor shall submit one audit done by one Certified Public Accountant (CPA) for the entire project, or, as the State may require, for any part of the project upon demand. Monies required for payment of the audit shall be set aside in the Contract Budget for that specific purpose.
 - .10.1. In the event the audit reveals that monies are due and owing to the State from the Contractor, for whatever reasons, the Contractor shall pay to the State such sums

within thirty (30) days of the audit date.

.11. The Contractor shall submit quarterly performance, drug and alcohol, and charter activity reports within 30 days of the end of each quarter and shall submit any forms, information or reports required by the State to complete the FTA's National Transit Database (NTD) reporting.

A.9. Amend P-37 by adding "PROJECT EQUIPMENT AND REAL PROPERTY" as Section 27:

27. **PROJECT EQUIPMENT AND REAL PROPERTY.** The following terms and conditions apply to all equipment and real property purchased in whole or in part with funds provided through this or other Agreements between the State and the Contractor:

a. All procurements shall be made in accordance with 2 CFR 200 and FTA Circular 4220.1F and future amendments, and with Buy America requirements, 49 CFR Parts 661 and 663.

b. All vehicles shall be purchased by the State, unless the Contractor has received prior approval from the State to procure vehicles.

c. All other equipment with a cost in excess of five hundred (\$500) per unit shall be purchased by the Contractor subject to the prior approval of the State.

d. Title to all project equipment shall be in the name of the Contractor; provided, however, that in order to secure the complete performance of this Agreement, the Contractor shall give the State a security interest in all such equipment at the time of purchase and shall execute financing statements and do all other acts necessary or useful to the perfection of that interest and the renewal thereof. In connection with the purchase of any motor vehicles pursuant to this Agreement, the Contractor shall give the State a security interest in the motor vehicles at the time of purchase and shall take all steps necessary to protect the State's security interest, including taking steps to identify the State as a lien holder of such motor vehicles on the motor vehicle titles.

e. In the event that this agreement is terminated, all project equipment and property becomes the property of the State and it is understood and agreed that legal title to such equipment shall be transferred to the State as soon as feasible. Project equipment will be disposed of in accordance with FTA Circular 9040.1G, and the State Management Plan.

A.10. Amend P-37 by adding "EQUIPMENT CERTIFICATION" as section 28:

28. **EQUIPMENT CERTIFICATION.** The Contractor shall maintain a current inventory listing of all nonexpendable property involved in this Agreement. The Contractor shall submit to the State a certification that the equipment is still being used in accordance with the terms of the Agreement. The inventory listing and equipment certification shall be supplied to the State by each year, generally by June 30th.

A.11. Amend P-37 by adding "EQUIPMENT MAINTENANCE" as section 29:

29. **EQUIPMENT MAINTENANCE.** Contractor shall be responsible for the maintenance and repair of all equipment used in the service described in Exhibit D. Contractor shall maintain all such equipment at a high level of cleanliness, safety, and mechanical soundness. The contractor shall certify that a proper maintenance plan that meets or exceeds the original equipment manufacturer's preventive maintenance guidelines is followed. Vehicle maintenance plans must be approved by the Board of Directors. All maintenance, repair and physical improvement activities on equipment shall be conducted by the Contractor and at a location specified by the Contractor. The Contractor shall notify the State of any changes in this location. The Contractor further agrees to maintain, repair, or make any physical improvement to equipment as requested by the State. The State, FTA and/or their designees shall have the right to conduct periodic inspections for the purpose of confirming proper maintenance and repair.
- A.12. Amend P-37 by adding "**REPAIR RECORDS AND REPORTS**" as section 30:
30. **REPAIR RECORDS AND REPORTS.** The Contractor shall maintain a complete and up to date record of all motor vehicle repairs, and shall make such records available to the State and FTA upon demand.
- A.13. Amend P-37 by adding "**VEHICLE STORAGE**" as section 31:
31. **VEHICLE STORAGE.** With respect to any motor vehicles purchased in whole or part under this Agreement, or maintained under this Agreement, the Contractor shall park or garage each vehicle so as to ensure maximum available protection and safety for each vehicle. The Contractor shall also ensure that each vehicle will be parked or garaged in such a manner that its daily operations are not impaired or curtailed by conditions of weather or any other circumstances. The Contractor shall notify the State of the location of the garaging site and any relocation.
- A.14. Amend P-37 by adding "**TRAINING AND DRIVER REVIEW**" as section 32:
32. **TRAINING AND DRIVER REVIEW.** The State may require participation in training courses determined to be essential to FTA program management in this contract period and may require participation in such training programs as it deems necessary by drivers and other employees involved in the transportation of the public. Training may include defensive driving, passenger assistance, emergency procedures and periodic refresher training every three (3) years. The Contractor agrees that the State shall have the right to review the performance of all drivers who are employed in connection with this Agreement, and to disallow the use of any driver whose performance as a driver is determined to be unsatisfactory by the State.
- A.15. Amend P-37 by adding "**SAFETY REQUIREMENTS**" as section 33:
33. **SAFETY REQUIREMENTS.** All project equipment shall be inspected and certified by the Department of Safety, and shall meet all applicable Federal Motor Vehicle Safety Standards and Federal Motor Carrier Safety Regulations as required by the United States Department of Transportation, and by the New Hampshire Department of Safety under RSA 266:72-a, in the purchase and operation of all project equipment.

The Contractor shall provide the State with full and prompt written notification of any accident involving any vehicle used in its services. In addition, the Contractor shall be responsible to report any accident in compliance with State law.

The Contractor shall submit to the State by February 15 of each year a report covering the previous year (January 1 through December 31), summarizing the results of its alcohol misuse prevention and anti-drug programs on FTA approved forms. This shall be in compliance with 49 CFR Part 655.

The Contractor shall submit any data/documentation related to FTA's Transit Asset Management or Public Transportation Agency Safety Plan purposes as required by NHDOT for compliance purposes.

A.16. Amend P-37 by adding "SERVICE LIMITATIONS" as section 34:

- 34. SERVICE LIMITATIONS.** The Contractor shall not engage in the provision of transportation services other than those described in Exhibit A, or outside the service area described in Exhibit A, without the written consent of the State and without obtaining the appropriate operating authority. The Contractor shall not engage in charter or school bus operations except as permitted by 49 CFR Parts 604 and 605, respectively.

A.17. Amend P-37 by adding "CONTRACTOR REPRESENTATIONS" as section 35:

- 35. CONTRACTOR REPRESENTATIONS.** Contractor warrants that with respect to the Services to be performed, it has obtained all licenses, permits, or approvals which are required by any law, order or regulation of any authority, state or federal, or which may be necessary for the performance of the Services hereunder. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform such Services, and shall be properly licensed and authorized to perform such Services under all applicable laws.

A.18. Amend P-37 by adding "LABOR PROVISIONS" as section 36:

- 36. LABOR PROVISIONS.** The Contractor agrees to adhere to the terms and conditions of the Unified Protective Arrangement, Section 533(b) of 49 USC 53 or as amended, incorporated herein for the protection of the employees of any employer providing transportation services assisted by this Agreement, and the employees of any other surface transportation providers in the transportation service area identified in Exhibit A.

A.19. Amend P-37 by adding "PATENT RIGHTS" as section 37:

- 37. PATENT RIGHTS.** If any invention, improvement, or discovery of the Contractor is conceived or first actually reduced to practice in the course of or under this Contract, which invention, improvement or discovery may be patentable under the laws of the United States or any foreign country, the Contractor shall immediately notify the State and provide a detailed report. The rights and responsibilities of the Contractor and the State with respect to such invention, improvement, or discovery will be determined in accordance with applicable Federal laws, regulations, policies and any waiver thereof.

A.20. Amend P-37 by adding "BROKERAGE REPRESENTATION" as section 38:

38. BROKERAGE REPRESENTATION. The Contractor warrants that it has not employed or retained any company or person, other than a bona-fide employee working solely for the Contractor, to solicit or secure this Agreement; and that it has not paid or agreed to pay any company or person, other than a bona-fide employee working solely for the Contractor, any fee, commission, percentage, brokerage fee, gifts or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the State shall have the right to annul this Agreement without liability or, in its discretion to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage, brokerage fee, gift, or contingent fee.

Rev 4/26/21

ADVANCE TRANSIT, INC.
EXHIBIT B
SCOPE OF SERVICES

1. The Contractor, Advance Transit Inc., (hereinafter the "Contractor") shall provide the following public transit service(s):
 - a. Fixed route, demand-responsive, and/or route deviation public transit services in the Greater Hanover-Lebanon area as detailed in the "Project Description" of the Contractor's application to the New Hampshire Department of Transportation, Bureau of Rail and Transit (hereinafter "NHDOT") for Federal Transit Administration (FTA) Section 5311 funding. The Contractor's application is hereby incorporated by reference and made part of this agreement.
2. The following terms and conditions apply to all of the public transit services provided by Contractor pursuant to this agreement:
 - a. The Commissioner of the Department of Transportation or the Commissioner's designee (hereinafter the "Commissioner") may require the Contractor to provide additional transportation services or to reduce transportation services provided under this contract. Any alterations to such transportation services shall be submitted in writing by the Commissioner to the Contractor. The Contractor shall implement the alterations within thirty (30) days unless a different timeframe is agreed to by the Commissioner and the Contractor.
 - b. The Contractor may request to revise transportation services, as submitted in the Contractor's grant application to the NHDOT, to add, reduce, or adjust transportation services provided under this contract. Any alterations to such transportation services, including alterations for the provision of service to special events, shall be requested in writing by the Contractor to the Commissioner for approval at least 30 days in advance. Revisions subject to a public comment period shall be requested at least 60 days in advance. Upon approval of the Commissioner, the Contractor shall implement any alterations within thirty (30) days unless a different timeframe is agreed to by the Commissioner and the Contractor.
 - c. The Contractor shall not change, add, or delete any route or make any fare, service or operating schedule adjustments without the prior written agreement of the Commissioner, except in an emergency situation. In such an emergency, the Contractor shall notify the Commissioner no later than the next working day following the day of such changes. Such emergency changes will be valid for a maximum of five days; thereafter, the written approval of the Commissioner shall be required to continue such emergency changes.
 - d. All project vehicles, including those Federally-funded vehicles outlined in Exhibit D, Project Equipment, as identified by their Vehicle Identification Numbers, as well as any additional vehicles utilized for the project, shall be used in accordance with all applicable Federal and State laws as well as NHDOT requirements.
 - e. The Contractor shall administer training, technical assistance, research, support services and projects administered on behalf of and at the request of the

Commissioner in support of the goals and objectives of the FTA Rural Transit Assistance Program (RTAP).

- 3. The following terms and conditions apply to State Operating funds:**
 - a. State operating matching funds shall be used to provide a portion of the non-Federal Funds required to match Federal Transit Administration (FTA) operating funds for public transportation services provided by the Contractor and as further detailed on the Contractor's website.**

**ADVANCE TRANSIT, INC.
EXHIBIT C
BUDGET**

1. The Contract price, as defined in Section 1.8 of the General Provisions, is the FTA Section 5311 portion of the eligible project costs as well as State Operating funds. Federal and State funds are granted as follows:

	SFY 2022	SFY 2023
FTA Section 5311		
Administration	\$868,900.00	\$859,700.00
Capital Preventive Maintenance	\$601,400.00	\$588,800.00
Capital ADA	\$275,800.00	\$272,300.00
Operating	\$1,453,600.00	\$1,183,900.00
Total FTA Section 5311 Funds	\$3,199,700.00	\$2,904,700.00
Rural Transit Assistance Program (RTAP)	\$10,000.00	\$10,000.00
State Operating Funds	\$34,782.00	\$34,782.00
Total Contracts Funds	\$3,244,482.00	\$2,949,482.00
Total Two-Year Contract Funds	\$6,193,964.00	

- a. Funds are contingent upon Federal and State appropriations.
2. Not less than fourteen days prior to the submission of the Contractor's first request for FTA Section 5311 reimbursement, the Contractor shall submit to the Commissioner a budget incorporating all funds to be expended in the provision of services pursuant to this contract. Budget revisions may be made with written approval of the Commissioner. Budget revisions may only request the transfer of funds within a category or between categories with the same matching ratio.
3. Reimbursement of state operating funds shall be requested via monthly invoices until operating funds are fully expended.
4. The Contractor's submitted invoices shall indicate the month(s) for which the state operating matching funds are being applied, the amount of FTA funds the state operating matching funds are leveraging, and the FTA grant program from which the Contractor will draw down the FTA funds.
5. The Contractor may seek reimbursement only for eligible expenses listed in the budget and detail-of-cost form provided by the State, with the exception of funds specifically reserved, if any, and identified in "Specifically Programmed Funds," at the end of this Exhibit.
6. The Contractor shall submit appropriate procurement documentation to the State for review and approval prior to any capital procurement. Upon approval, the Contractor may proceed with the procurement and submit an invoice to the NHDOT for reimbursement of project

expenses in compliance with Federal guidance, including FTA Third Party Procurement guidelines and FTA Circular 4220.1F or most recent.

7. At the sole discretion of the Commissioner, the Contractor may carry forward any unexpended portion of the federal funds included in the Contract Price to a subsequent contract, if any, between the State and the Contractor.

**ADVANCE TRANSIT, INC.
EXHIBIT D
VEHICLE LIST**

Transit Vehicles: 23

2019 LOW FLOOR DIESEL	15GGE2714K3093514
2011 Gillig Hybrid LLC Bus	15GGB3016B1176561
2011 Gillig Hybrid LLC Bus	15GGB3014B1176560
2012 Gillig 35' Low Floor Hybrid Bus	15GGB3012C1180088
2012 Patriot Freightliner 5D Van Diesel	WDPPF4CC0C5722322
2014 Eldorado National Aerolite	1GB3G2BL6E1136067
2014 Eldorado National Aerotech 240	1GB6G6BL7E1128919
2016 Gillig 35' Low Floor Hybrid Bus	15GGB2718G1187035
2016 Gillig 35' Low Floor Hybrid Bus	15GGB2716G1187034
2016 Gillig 35' Low Floor Hybrid Bus	15GGB271XG1187036
2017 Freightliner FXCC76	WDPPF4CC6H9724205
2018 35 ft. Gillig Diesel Bus	15GGB2710J3188756
2018 35' Gillig Diesel Bus	15GGB2719J3188755
2018 35' Gillig Diesel Bus	15GGB2717J3188754
2018 35' Gillig Diesel Bus	15GGB2715J3188753
2018 Ford Eldorado Aero Elite Bus	1FDAF5GT8HEE36704
2018 Ford Eldorado Elite Bus 1FDAF5GT6HEE36703	1FDAF5GT6HEE36703
2018 Ford Escape 4 cyl.	1FMCU9HD2JUC87893
2018 Ford F350 Diesel Pickup	1FDRF3BT5JEB73897
2018 Gillig 35' Diesel Bus	15GGB2713J3188752
2019 Gillig 29' LOW FLOOR	15GGE2712K3093513
2019 Gillig 29' LOW FLOOR	15GGE2710K3093512
2019 Gillig Low floor diesel	15GGE2716K3093515

State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that ADVANCE TRANSIT, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on January 12, 1984. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 52688

Certificate Number: 0005343826



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 8th day of April A.D. 2021.

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

ADVANCE TRANSIT, INC.

ABSTRACT OF CORPORATE MINUTES

The following is a true abstract from minutes of the meeting of the Board of Directors of Advance Transit, Inc. on April 25, 2019 which meeting was duly called at which a quorum was present:

On a motion duly made and seconded, it was voted to approve the following Omnibus Grant Resolution:

WHEREAS, this Corporation is reliant upon diverse sources of funding for its activities and for the fulfillment of its purpose of providing a transportation network for the towns of the Upper Valley of New Hampshire and Vermont, including without limitation funding provided by the Federal government, the State of New Hampshire and the State of Vermont;

WHEREAS, such funding is made available to the Corporation through various grants and awards, including without limitation annual grants of Federal Transit Administration Funding, all of which grants and awards are contingent upon the execution by the Corporation of certain contracts, acceptances, certifications, assurances, and affirmations by the Corporation and its officers, and the compliance by the Corporation with all laws, regulations, requirements and guidance applicable to such grants and awards, including without limitation all federal laws, regulations and requirements, and applicable federal guidance;

NOW, THEREFORE, BE IT

RESOLVED, that it is in the best interest of the Corporation to enter into all agreements, contracts, acceptances, and other agreements or documents required or requested by the federal government, and/or the states of New Hampshire and Vermont, and provide all certifications, certificates, acceptances, assurances, affirmations and/or other documents required or requested by any of the federal government, New Hampshire and/or Vermont, for the Corporation to be eligible for, and obtain, the funding required or useful for the support of its operations, and to comply with all laws, regulations, requirements and guidance applicable to such grants and awards, including without limitation all federal laws, regulations and requirements, and applicable federal guidance, and that furthermore the entry by the Corporation into all such agreements, contracts, acceptances and other agreements or documents, and the provision of all such certifications, certificates, acceptances, assurances, affirmations and other documents required or requested in connection, and the performance by the Corporation of all obligations set forth in any of the same, including compliance with applicable law, regulations, requirements and guidance, are hereby directed and approved by the Board of Directors;

FURTHER RESOLVED, that Matt Osborn, as the duly elected President of the Corporation, and any person who may hereafter succeed Mr. Osborn as the duly elected President of the Corporation, is hereby authorized and directed to execute and deliver, on behalf of the Corporation, any and all agreements, contracts, acceptances, documents, certifications, assurances, affirmations or other documents approved by the foregoing resolution, and to take whatever additional actions he may from time to time deem necessary, desirable or convenient to carry out the purposes of the foregoing resolution; and

FURTHER RESOLVED, that any actions taken by any officer of the Corporation prior to the date hereof in furtherance of the foregoing resolutions are hereby ratified, authorized and adopted on behalf of the Corporation.

I hereby certify that said vote has not been amended or repealed and remains in full force and effect as of the date of the contract to which this certificate is attached. This authority remains valid for thirty (30) days from the date of this Corporate Resolution.

I further certify that Matt Osborn is the duly elected President of this corporation and still qualified and serving in such capacity.


Van J. Chesnut
Assistant Secretary

April 19, 2021
(Date)

"No corporate seal."

STATE OF VERMONT
COUNTY OF WINDSOR

On Apr 2021, before the undersigned officer personally appeared the person identified in the foregoing certificate, known to me (or satisfactorily proven) to be the Assistant Secretary of the corporation identified in the foregoing certificate, and acknowledge that he executed the foregoing certificate.

In witness whereof I hereunto set my hand and official seal.


Notary Public





ADVATRA-01

HTARLETON

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/19/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Hickok & Boardman, Inc. 346 Shelburne Rd Burlington, VT 05401	CONTACT: Melissa Kavanagh	
	PHONE (AC, No, Ext): (802) 383-1621	FAX (AC, No): (802) 658-0541
	EMAIL: mkavanagh@hbinsurance.com	
	INSURER(S) AFFORDING COVERAGE	RATE #
INSURED Advance Transit, Inc. PO Box 1027 Wilder, VT 05088	INSURER A: National Interstate Ins Co	32620
	INSURER B: Continental Western Insurance	10804
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSUR LTR	TYPE OF INSURANCE	ADDL INSR	INSUR VWRD	POLICY NUMBER	POLICY BFP (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			GLR 0242225-06	7/1/2020	7/1/2021	EACH OCCURRENCE \$ 8,000,000 DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$ 300,000 MED EXP. (Per one person) \$ 5,000 PERSONAL & ADV INJURY \$ 8,000,000 GENERAL AGGREGATE \$ 8,000,000 PRODUCTS - COMP/OP AGG \$ 8,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			CAR 0242225-06	7/1/2020	7/1/2021	COMBINED SINGLE LIMIT (Per accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WCA 6163288-18	7/1/2020	7/1/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> DTH-EB E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - PER EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Physical Damage			CAR 0242225-06	7/1/2020	7/1/2021	Comp Ded. 1,000
A	Physical Damage			CAR 0242225-06	7/1/2020	7/1/2021	Coll Ded 1,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
2017 Freightliner FXC076 VIN# WDPPF4CC6H9724208

New Hampshire Department of Transportation Bureau of Rail & Transit is Loss Payee for above referenced vehicle.

CERTIFICATE HOLDER

CANCELLATION

New Hampshire Department of Transportation
Bureau of Rail & Transit
PO Box 463
Concord, NH 03302

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

J. de la...



ADVATRA-01

HTARLETON

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/19/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Hickok & Boardman, Inc. 348 Shelburne Rd Burlington, VT 05401	CONTACT NAME: Melissa Kavanagh PHONE (AC, HQ, EXT): (802) 383-1821 FAX (AC, HQ): (802) 658-0541 EMAIL: mkavanagh@hblinsurance.com
	INSURERS AFFORDING COVERAGE
INSURED Advance Transit, Inc. PO Box 1027 Wilder, VT 05088	INSURER A: National Interstate Ins Co NAIR # 32820
	INSURER B: Continental Western Insurance 10804
	INSURER C: Tokio Marine Specialty Insurance Company 23880
	INSURER D: Cincinnati Insurance Company 10677
	INSURER E: INSURER F:

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

NO. / CL.	TYPE OF INSURANCE	ADDITIONAL INSURED (Y/N)	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PER-ACCIDENT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER	X	CLR 0242225-06	7/1/2020	7/1/2021	EACH OCCURRENCE \$ 6,000,000 DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$ 300,000 MED EXP (Per one person) \$ 6,000 PERSONAL & ADV INJURY \$ 6,000,000 GENERAL AGGREGATE \$ 6,000,000 PRODUCTS - COMP/OP AGG \$ 6,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY		CAR 0242226-06	7/1/2020	7/1/2021	COMBINED SINGLE LIMIT (EA ACCIDENT) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED \$ RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPERTY OR PARTNER/EXECUTIVE (Mandatory in NH) EXCLUDED? <input type="checkbox"/> If Yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	WCA6153288-18	7/1/2020	7/1/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER B.L. EACH ACCIDENT \$ 1,000,000 B.L. DISEASE - EA EMPLOYEE \$ 1,000,000 B.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Pollution Liability		STEP011823-02	7/1/2020	7/1/2021	\$1,000,000 per Claim
D	Excess Empl Liab		EXS0681316	7/1/2020	7/1/2021	\$0 Retention 4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Additional insured status applies for The New Hampshire Department of Transportation on the General Liability policy per terms and conditions of attached form CG 2010 04/13.

CERTIFICATE HOLDER New Hampshire Department of Transportation Bureau of Rail and Transit PO Box 483 Concord, NH 03302	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
ON FILE WITH THE COMPANY	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

In the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to Section (I) - Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

FEDERAL FISCAL YEAR 2021 CERTIFICATIONS AND ASSURANCES FOR FTA ASSISTANCE PROGRAMS

(Signature pages alternate to providing Certifications and Assurances in TrAMS.)

Name of Applicant: Advance Transit, Inc.

The Applicant certifies to the applicable provisions of categories 01-21. X -

Or,

The Applicant certifies to the applicable provisions of the categories it has selected:

Category	Certification
01. Certifications and Assurances Required of Every Applicant	_____
02 Public Transportation Agency Safety Plans	_____
03 Tax Liability and Felony Convictions	_____
04 Lobbying	_____
05 Private Sector Protections	_____
06 Transit Asset Management Plan	_____
07 Rolling Stock Buy America Reviews and Bus Testing	_____
08 Urbanized Area Formula Grants Program	_____
09 Formula Grants for Rural Areas	_____
10 Fixed Guideway Capital Investment Grants and the Expedited Project Delivery for Capital Investment Grants Pilot Program	_____
11 Grants for Buses and Bus Facilities and Low or No Emission Vehicle Deployment Grant Programs	_____

Certifications and Assurances

Fiscal Year 2021

12 Enhanced Mobility of Seniors and Individuals with Disabilities Programs

13 State of Good Repair Grants

14 Infrastructure Finance Programs

15 Alcohol and Controlled Substances Testing

16 Rail Safety Training and Oversight

17 Demand Responsive Service

18 Interest and Financing Costs

19 Construction Hiring Preferences

20 Cybersecurity Certification for Rail Rolling Stock and Operations

21 Tribal Transit Programs

FEDERAL FISCAL YEAR 2021 FTA CERTIFICATIONS AND ASSURANCES SIGNATURE PAGE

(Required of all Applicants for federal assistance to be awarded by FTA in FY 2021)

AFFIRMATION OF APPLICANT

Name of the Applicant: Advance Transit, Inc.

BY SIGNING BELOW, on behalf of the Applicant, I declare that it has duly authorized me to make these Certifications and Assurances and bind its compliance. Thus, it agrees to comply with all federal laws, regulations, and requirements, follow applicable federal guidance, and comply with the Certifications and Assurances as indicated on the foregoing page applicable to each application its Authorized Representative makes to the Federal Transit Administration (FTA) in federal fiscal year 2021, irrespective of whether the individual that acted on his or her Applicant's behalf continues to represent it.

FTA intends that the Certifications and Assurances the Applicant selects on the other side of this document should apply to each Award for which it now seeks, or may later seek federal assistance to be awarded during federal fiscal year 2021.

The Applicant affirms the truthfulness and accuracy of the Certifications and Assurances it has selected in the statements submitted with this document and any other submission made to FTA, and acknowledges that the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. § 3801 *et seq.*, and implementing U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR part 31, apply to any certification, assurance or submission made to

Certifications and Assurances

Fiscal Year 2021

FIA. The criminal provisions of 18 U.S.C. § 1001 apply to any certification, assurance, or representation made in connection with a federal public transportation program authorized by 49 U.S.C. chapter 53 or any other statute.

In signing this document, I declare under penalty of perjury that the foregoing Certifications and Assurances, and any other statements made by me on behalf of the Applicant are true and accurate.

Signature: Matt Osborn

Date: 1/22/21

Name: Matt Osborn

Authorized Representative of Applicant 637

FFY 2021 MASTER AGREEMENT

ACKNOWLEDGEMENT OF RECEIPT

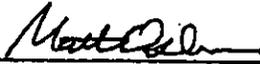
The Federal Transit Administration (FTA) Federal Fiscal Year 2021 Master Agreement requires recipients and subrecipients to comply with the requirements contained in the agreement in order to receive Federal funds. The language contained in the Master Agreement must be incorporated into the administration of the agreement my agency has with the New Hampshire Department of Transportation (NHDOT).

I acknowledge receipt of the FFY 2021 Federal Transit Administration (FTA) Master Agreement and understand this agreement is referred to in my agency's agreement with NHDOT by reference. The Master Agreement remains in force for the term of the agreement.

Advance Transit, Inc.
Name of Agency

1/22/21
Date

Matt Osborn
Name of Authorized Official


Signature

Office of Labor-Management Standards

Special Warranty Arrangement

For Application to Other Than Urbanized and Over-the-Road Bus Accessibility
Projects

PURSUANT TO SECTION 5333(b) OF
TITLE 49 OF THE U.S. CODE, CHAPTER 53

January 3, 2011

The following language shall be made part of the contract of assistance by reference in the Federal Transit Administration's Master Agreement as signed by the grantee:

The terms and conditions set forth below shall apply for the protection of the transportation-related employees in the transportation service area of the Project. As a precondition of the release of assistance by the Grantee/State Agency to any Recipient under the grant, the Grantee shall bind the Recipient to these obligations by incorporating this arrangement into the contract of assistance between the Grantee and the Recipient(s), by reference. If a Grantee fails to comply with the terms of the Warranty and fails to bind a Recipient as a precondition to the release of funds, the Grantee will be a guarantor of the required protections and the Grantee will be required to act as if it were the Recipient of funds unless and until the Grantee is able to secure the retroactive agreement of the Recipient to be bound by the terms of the Warranty.

These protective arrangements are intended for the benefit of transit employees in the service area of the project, who are considered as third-party beneficiaries to the employee protective arrangements incorporated by referenced in the grant contract between the U.S. Department of Transportation and the Grantee, and the parties to the contract so signify by executing that contract. Transit employees are also third party beneficiaries to the protective arrangements incorporated in subsequent contracts of assistance between the Grantee and any Recipient. Employees, or their representative, may assert claims with respect to the protective arrangements under this provision. This clause creates no independent cause of action against the United States Government.

The term "service area," as used herein, includes the geographic area over which the Project is operated and the area whose population is served by the Project, including adjacent areas affected by the Project. The term "Union," as used herein, shall refer to any labor organization representing employees providing public transportation services in the service area of a Project assisted under the grant. The term "employee," as used herein, shall include individuals who may or may not be represented by a Union. The term "Recipient," as used herein, shall refer to any employer(s) receiving transportation assistance under the grant. The term "Grantee," as used herein, shall refer to the applicant for assistance; a Grantee which receives assistance is also a Recipient.

Where the Department of Labor (the Department) deems it necessary to modify the requirements of this Special Warranty Arrangement so that a particular Grantee or Recipient can continue to satisfy the requirements of the statute, the Department will issue a supplementary certification letter setting forth the alternative provisions to be included in the contract of assistance between the Grantee and FTA, by reference. These terms will be made binding upon the particular Grantee or Recipient, along with these terms and conditions, for each subsequent grant of assistance until withdrawn in writing by the Department.

(1) The Project shall be carried out in such a manner and upon such terms and conditions as will not adversely affect employees of the Recipient and of any other surface public transportation provider in the transportation service area of the Project. It shall be an obligation of the Recipient to assure that any and all transportation services assisted by the Project are contracted for and operated in such a manner that they do not impair the rights and interests of affected employees. The term "Project," as used herein, shall not be limited to the particular facility, service, or operation assisted by Federal funds, but shall include any changes, whether organizational, operational, technological, or otherwise, which are a result of the assistance provided. The phrase "as a result of the Project," shall, when used in this arrangement, include events related to the Project occurring in anticipation of, during, and subsequent to the Project and any program of efficiencies or economies related thereto; provided, however, that volume rises and falls of business, or changes in volume and character of employment brought about solely by causes other than the Project (including any economies or efficiencies unrelated to the Project) are not within the purview of this arrangement.

An employee covered by this arrangement, who is not dismissed, displaced or otherwise worsened in his/her position with regard to employment as a result of the Project, but who is dismissed, displaced or otherwise worsened solely because of the total or partial termination of the Project or exhaustion of Project funding shall not be deemed eligible for a dismissal or displacement allowance within the meaning of paragraphs (6) and (7) of this arrangement.

(2) Where employees of a Recipient are represented for collective bargaining purposes, all Project services provided by that Recipient shall be provided under and in accordance with any collective bargaining agreement applicable to such employees which is then in effect. This Arrangement does not create any collective bargaining relationship where one does not already exist or between any Recipient and the employees of another employer. Where the Recipient has no collective bargaining relationship with the Unions representing employees in the service area, the Recipient will not take any action which impairs or interferes with the rights, privileges, and benefits and/or the preservation or continuation of the collective bargaining rights of such employees.

(3) All rights, privileges, and benefits (including pension rights and benefits) of employees covered by this arrangement (including employees having already retired) under existing collective bargaining agreements or otherwise, or under any revision or renewal thereof, shall be preserved and continued; provided, however, that such rights, privileges and benefits which are not foreclosed from further bargaining under applicable law or contract may be modified by collective bargaining and agreement by the Recipient and the Union involved to substitute other rights, privileges and benefits. Unless otherwise provided, nothing in this arrangement shall be deemed to restrict any rights the Recipient may otherwise have to direct the working forces and manage its business as it deemed best, in accordance with the applicable collective bargaining agreement.

(4) The collective bargaining rights of employees covered by this arrangement, including the right to arbitrate labor disputes and to maintain union security and checkoff arrangements, as provided by applicable laws, policies and/or existing collective bargaining agreements, shall be preserved and continued. Provided, however, that this provision shall not be interpreted so as to require the Recipient to retain any such rights which exist by virtue of a collective bargaining agreement after such agreement is no longer in effect.

The Recipient agrees that it will bargain collectively with the Union or otherwise arrange for the continuation of collective bargaining, and that it will enter into agreements with the Union or arrange for such agreements to be entered into, relative to all subjects which are or may be proper subjects of collective bargaining. If, at any time, applicable law or contracts permit or grant to employees covered by this arrangement the right to utilize any economic measures, nothing in this arrangement shall be deemed to foreclose the exercise of such right.

(5)(a) The Recipient shall provide to all affected employees sixty (60) days' notice of intended actions which may result in displacements or dismissals or rearrangements of the working forces as a result of the Project. In the case of employees represented by a Union, such notice shall be provided by certified mail through their representatives. The notice shall contain a full and adequate statement of the proposed changes, and an estimate of the number of employees affected by the intended changes, and the number and classifications of any jobs within the jurisdiction and control of the Recipient, including those in the employment of any entity bound by this arrangement pursuant to paragraph (21), available to be filled by such affected employees.

(5)(b) The procedures of this subparagraph shall apply to cases where notices involve employees represented by a Union for collective bargaining purposes. At the request of either the Recipient or the representatives of such employees, negotiations for the purposes of reaching agreement with respect to the application of the terms and conditions of this arrangement shall commence immediately. These negotiations shall include determining the selection of forces from among the mass transportation employees who may be affected as a result of the Project, to establish which such employees shall be offered employment for which they are qualified or can be trained. If no agreement is reached within twenty (20) days from the commencement of negotiations, any party to the dispute may submit the matter to dispute settlement procedures in accordance with paragraph (15) of this arrangement. Unless the parties otherwise mutually agree in writing, no change in operations, services, facilities or equipment within the purview of this paragraph (5) shall occur until after either: 1) an agreement with respect to the application of the terms and conditions of this arrangement to the intended change(s) is reached; 2) the decision of the arbitrator has been rendered pursuant to this subparagraph (b); or 3) an arbitrator selected pursuant to Paragraph (15) of this arrangement determines that the intended change(s) may be instituted prior to the finalization of implementing arrangements.

(5)(c) In the event of a dispute as to whether an intended change within the purview of this paragraph (5) may be instituted at the end of the 60-day notice period and before an implementing agreement is reached or a final arbitration decision is rendered pursuant to subparagraph (b), any involved party may immediately submit that issue to arbitration under paragraph (15) of this arrangement. In any such arbitration, the arbitrator shall rely upon the standards and criteria utilized by the Surface Transportation Board (and its predecessor agency, the Interstate Commerce Commission) to address the "preconsummation" issue in cases involving employee protections pursuant to 49 U.S.C. Section 11326 (or its predecessor, Section 5(2)(f) of the Interstate Commerce Act, as amended). If the Recipient demonstrates, as a threshold matter in any such arbitration, that the intended action is a trackage rights, lease proceeding or similar transaction, and not a merger, acquisition, consolidation, or other similar transaction, the burden shall then shift to the involved labor organization(s) to prove that under the standards and criteria referenced above, the intended action should not be permitted to be instituted prior to the effective date of a negotiated or arbitrated implementing agreement. If the Recipient fails to demonstrate that the intended action is a trackage rights, lease proceeding, or similar transaction, it shall be the burden of the Recipient to prove that under the standards and criteria referenced above, the intended action should be permitted to be instituted prior to the effective date of a negotiated or arbitrated implementing agreement. For purposes of any such arbitration, the time period within which the parties are to respond to the list of potential arbitrators

submitted by the American Arbitration Association Service shall be five (5) days, the notice of hearing may be given orally or by facsimile, the hearing will be held promptly, the award of the arbitrator shall be rendered promptly and, unless otherwise agreed to by the parties, no later than fourteen (14) days from the date of closing the hearings, with five (5) additional days for mailing if posthearing briefs are requested by either party. The intended change shall not be instituted during the pendency of any arbitration proceedings under this subparagraph (c).

(5)(d) If an intended change within the purview of this paragraph (5) is instituted before an implementing agreement is reached or a final arbitration decision is rendered pursuant to subparagraph (b), all employees affected shall be kept financially whole, as if the noticed and implemented action has not taken place, from the time they are affected until the effective date of an implementing agreement or final arbitration decision. This protection shall be in addition to the protective period defined in paragraph (14) of this arrangement, which period shall begin on the effective date of the implementing agreement or final arbitration decision rendered pursuant to subparagraph (b).

An employee selecting, bidding on, or hired to fill any position established as a result of a noticed and implemented action prior to the consummation of an implementing agreement or final arbitration decision shall accumulate no benefits under this arrangement as a result thereof during that period prior to the consummation of an implementing agreement or final arbitration decision pursuant to subparagraph (b).

(6)(a) Whenever an employee, retained in service, recalled to service, or employed by the Recipient pursuant to paragraphs (5), (7) (e), or (18) hereof is placed in a worse position with respect to compensation as a result of the Project, the employee shall be considered a "displaced employee", and shall be paid a monthly "displacement allowance" to be determined in accordance with this paragraph. Said displacement allowance shall be paid each displaced employee during the protective period so long as the employee is unable, in the exercise of his/her seniority rights, to obtain a position producing compensation equal to or exceeding the compensation the employee received in the position from which the employee was displaced, adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for.

(6)(b) The displacement allowance shall be a monthly allowance determined by computing the total compensation received by the employee, including vacation allowances and monthly compensation guarantees, and his/her total time paid for during the last twelve (12) months in which the employee performed compensated service more than fifty per centum of each such month, based upon the employee's normal work schedule, immediately preceding the date of his/her displacement as a result of the Project, and by dividing separately the total compensation and the total time paid for by twelve, thereby producing the average monthly compensation and the average monthly time paid for. Such allowance shall be adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for. If the displaced employee's compensation in his/her current position is less in any month during his/her protective period than the aforesaid average compensation (adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for), the employee shall be paid the difference, less compensation for any time lost on account of voluntary absences to the extent that the employee is not available for service equivalent to his/her average monthly time, but the employee shall be compensated in addition thereto at the rate of the current position for any time worked in excess of the average monthly time paid for. If a displaced employee fails to exercise his/her seniority rights to secure another position to which the employee is entitled under the then existing collective bargaining agreement, and which carries a wage rate and compensation exceeding that of the position which the employee elects to retain, the employee shall thereafter be treated, for the purposes of this paragraph, as occupying the position the employee elects to decline.

(6)(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement, or dismissal for cause in accordance with any labor agreement applicable to his/her employment.

(7)(a) Whenever any employee is laid off or otherwise deprived of employment as a result of the Project, in accordance with any collective bargaining agreement applicable to his/her employment, the employee shall be considered a "dismissed employee" and shall be paid a monthly dismissal allowance to be determined in accordance with this paragraph. Said dismissal allowance shall first be paid each dismissed employee on the thirtieth (30th) day following the day on which the employee is "dismissed" and shall continue during the protective period, as follow:

Employee's length of service
prior to adverse effect Period of protection
1 day to 6 years equivalent period
6 years or more 6 years

The monthly dismissal allowance shall be equivalent to one-twelfth (1/12th) of the total compensation received by the employee in the last twelve (12) months of his/her employment in which the employee performed compensation service more than fifty per centum of each such month based on the employee's normal work schedule to the date on which the employee was first deprived

of employment as a result of the Project. Such allowance shall be adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for.

(7)(b) An employee shall be regarded as deprived of employment and entitled to a dismissal allowance when the position the employee holds is abolished as a result of the Project, or when the position the employee holds is not abolished but the employee loses that position as a result of the exercise of seniority rights by an employee whose position is abolished as a result of the Project or as a result of the exercise of seniority rights by other employees brought about as a result of the Project, and the employee is unable to obtain another position, either by the exercise of the employee's seniority rights, or through the Recipient, in accordance with subparagraph (e). In the absence of proper notice followed by an agreement or decision pursuant to paragraph (5) hereof, no employee who has been deprived of employment as a result of the Project shall be required to exercise his/her seniority rights to secure another position in order to qualify for a dismissal allowance hereunder.

(7)(c) Each employee receiving a dismissal allowance shall keep the Recipient informed as to his/her current address and the current name and address of any other person by whom the employee may be regularly employed, or if the employee is self-employed.

(7)(d) The dismissal allowance shall be paid to the regularly assigned incumbent of the position abolished. If the position of an employee is abolished when the employee is absent from service, the employee will be entitled to the dismissal allowance when the employee is available for service. The employee temporarily filling said position at the time it was abolished will be given a dismissal allowance on the basis of that position, until the regular employee is available for service, and thereafter shall revert to the employee's previous status and will be given the protections of the agreement in said position, if any are due him/her.

(7)(e) An employee receiving a dismissal allowance shall be subject to call to return to service by the employee's former employer; notification shall be in accordance with the terms of the then-existing collective bargaining agreement if the employee is represented by a union. Prior to such call to return to work by his/her employer, the employee may be required by the Recipient to accept reasonably comparable employment for which the employee is physically and mentally qualified, or for which the employee can become qualified after a reasonable training or retraining period, provided it does not require a change in residence or infringe upon the employment rights of other employees under then-existing collective bargaining agreements.

(7)(f) When an employee who is receiving a dismissal allowance again commences employment in accordance with subparagraph (e) above, said allowance shall cease while the employee is so reemployed, and the period of time during which the employee is so reemployed shall be deducted from the total period for which the employee is entitled to receive a dismissal allowance. During the time of such reemployment, the employee shall be entitled to the protections of this arrangement to the extent they are applicable.

(7)(g) The dismissal allowance of any employee who is otherwise employed shall be reduced to the extent that the employee's combined monthly earnings from such other employment or self-employment, any benefits received from any unemployment insurance law, and his/her dismissal allowance exceed the amount upon which the employee's dismissal allowance is based. Such employee, or his/her union representative, and the Recipient shall agree upon a procedure by which the Recipient shall be kept currently informed of the earnings of such employee in employment other than with the employee's former employer, including self-employment, and the benefits received.

(7)(h) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the failure of the employee without good cause to return to service in accordance with the applicable labor agreement, or to accept employment as provided under subparagraph (e) above, or in the event of the employee's resignation, death, retirement, or dismissal for cause in accordance with any labor agreement applicable to his/her employment.

(7)(i) A dismissed employee receiving a dismissal allowance shall actively seek and not refuse other reasonably comparable employment offered him/her for which the employee is physically and mentally qualified and does not require a change in the employee's place of residence. Failure of the dismissed employee to comply with this obligation shall be grounds for discontinuance of the employee's allowance; provided that said dismissal allowance shall not be discontinued until final determination is made either by agreement between the Recipient and the employee or his/her representative, or by final arbitration decision rendered in accordance with paragraph (15) of this arrangement that such employee did not comply with this obligation.

(8) In determining length of service of a displaced or dismissed employee for purposes of this arrangement, such employee shall be given full service credits in accordance with the records and labor agreements applicable to him/her and the employee shall be given additional service credits for each month in which the employee receives a dismissal or displacement allowance as if the employee were continuing to perform services in his/her former position.

(9) No employee shall be entitled to either a displacement or dismissal allowance under paragraphs (6) or (7) hereof because of the abolishment of a position to which, at some future time, the employee could have bid, been transferred, or promoted.

(10) No employee receiving a dismissal or displacement allowance shall be deprived, during the employee's protected period, of any rights, privileges, or benefits attaching to his/her employment, including, without limitation, group life insurance, hospitalization and medical care, free transportation for the employee and the employee's family, sick leave, continued status and participation under any disability or retirement program, and such other employee benefits as Railroad Retirement, Social Security, Workmen's Compensation, and unemployment compensation, as well as any other benefits to which the employee may be entitled under the same conditions and so long as such benefits continue to be accorded to other employees of the bargaining unit, in active service or furloughed as the case may be.

(11)(a) Any employee covered by this arrangement who is retained in the service of his/her employer, or who is later restored to service after being entitled to receive a dismissal allowance, and who is required to change the point of his/her employment in order to retain or secure active employment with the Recipient in accordance with this arrangement, and who is required to move his/her place of residence, shall be reimbursed for all expenses of moving his/her household and other personal effects, for the traveling expenses for the employee and members of the employee's immediate family, including living expenses for the employee and the employee's immediate family, and for his/her own actual wage loss during the time necessary for such transfer and for a reasonable time thereafter, not to exceed five (5) working days. The exact extent of the responsibility of the Recipient under this paragraph, and the ways and means of transportation, shall be agreed upon in advance between the Recipient and the affected employee or the employee's representatives.

(11)(b) If any such employee is laid off within three (3) years after changing his/her point of employment in accordance with paragraph (a) hereof, and elects to move his/her place of residence back to the original point of employment, the Recipient shall assume the expenses, losses and costs of moving to the same extent provided in subparagraph (a) of this paragraph (11) and paragraph (12)(a) hereof.

(11)(c) No claim for reimbursement shall be paid under the provisions of this paragraph unless such claim is presented to the Recipient in writing within ninety (90) days after the date on which the expenses were incurred.

(11)(d) Except as otherwise provided in subparagraph (b), changes in place of residence, subsequent to the initial changes as a result of the Project, which are not a result of the Project but grow out of the normal exercise of seniority rights, shall not be considered within the purview of this paragraph.

(12)(a) The following conditions shall apply to the extent they are applicable in each instance to any employee who is retained in the service of the employer (or who is later restored to service after being entitled to receive a dismissal allowance), who is required to change the point of his/her employment as a result of the Project, and is thereby required to move his/her place of residence.

If the employee is under a contract to purchase his/her home, the Recipient shall protect the employee against loss under such contract, and in addition, shall relieve the employee from any further obligation thereunder.

If the employee holds an unexpired lease of a dwelling occupied as the employee's home, the Recipient shall protect the employee from all loss and cost in securing the cancellation of said lease.

(12)(b) No claim for loss shall be paid under the provisions of this paragraph unless such claim is presented to the Recipient in writing within one year after the effective date of the change in residence.

(12)(c) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through a joint conference between the employee, or his/her union, and the Recipient. In the event they are unable to agree, the dispute or controversy may be referred by the Recipient or the union to a board of competent real estate appraisers selected in the following manner: one (1) to be selected by the representatives of the employee, and one (1) by the Recipient, and these two, if unable to agree within thirty (30) days upon the valuation, shall endeavor by agreement within ten (10) days thereafter to select a third appraiser or to agree to a method by which a third appraiser shall be selected, and failing such agreement, either party may request the State and local Board of Real Estate Commissioners to designate within ten (10) days a third appraiser, whose designation will be binding upon the parties and whose jurisdiction shall be limited to determination of the issues raised in this paragraph only. A decision of a majority of the appraisers shall be required and said decision shall be final, binding, and conclusive. The compensation and expenses of the neutral appraiser including expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

(12)(d) Except as otherwise provided in paragraph (11)(b) hereof, changes in place of residence, subsequent to the initial changes as a result of the Project, which are not a result of the Project but grow out of the normal exercise of seniority rights, shall not be

considered within the purview of this paragraph.

(12)(e) "Change in residence" means transfer to a work location which is either (A) outside a radius of twenty (20) miles of the employee's former work location and farther from the employee's residence than was his/her former work location, or (B) is more than thirty (30) normal highway route miles from the employee's residence and also farther from his/her residence than was the employee's former work location.

(13)(a) A dismissed employee entitled to protection under this arrangement may, at the employee's option within twenty-one (21) days of his/her dismissal, resign and (in lieu of all other benefits and protections provided in this arrangement) accept a lump sum payment computed in accordance with section (9) of the Washington Job Protection Agreement of May 1936:

Length of Service Separation Allowance

1 year and less than 2 years 3 months' pay

2 " " " " 3 " 6 " "

3 " " " " 5 " 9 " "

5 " " " " 10 " 12 " "

10 " " " " 15 " 12 " "

15 " " over 12 " "

In the case of an employee with less than one year's service, five days' pay, computed by multiplying by 5 the normal daily earnings (including regularly scheduled overtime, but excluding other overtime payments) received by the employee in the position last occupied, for each month in which the employee performed service, will be paid as the lump sum.

Length of service shall be computed as provided in Section 7(b) of the Washington Job Protection Agreement, as follows:

For the purposes of this arrangement, the length of service of the employee shall be determined from the date the employee last acquired an employment status with the employing carrier and the employee shall be given credit for one month's service for each month in which the employee performed any service (in any capacity whatsoever) and twelve (12) such months shall be credited as one year's service. The employment status of an employee shall not be interrupted by furlough in instances where the employee has a right to and does return to service when called. In determining length of service of an employee acting as an officer or other official representative of an employee organization, the employee will be given credit for performing service while so engaged on leave of absence from the service of a carrier.

(13)(b) One month's pay shall be computed by multiplying by 30 the normal daily earnings (including regularly scheduled overtime, but excluding other overtime payments) received by the employee in the position last occupied prior to time of the employee's dismissal as a result of the Project.

(14) Whenever used herein, unless the context requires otherwise, the term "protective period" means that period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of six (6) years therefrom, provided, however, that the protective period for any particular employee during which the employee is entitled to receive the benefits of these provisions shall not continue for a longer period following the date the employee was displaced or dismissed than the employee's length of service, as shown by the records and labor agreements applicable to his/her employment prior to the date of the employee's displacement or dismissal.

(15)(a) In the event that employee(s) are represented by a Union, any dispute, claim, or grievance arising from or relating to the interpretation, application or enforcement of the provisions of this arrangement, not otherwise governed by paragraph 12(c), the Labor-Management Relations Act, as amended, the Railway Labor Act, as amended, or by impasse resolution provisions in a collective bargaining or protective arrangement involving the Recipient and the Union, which cannot be settled by the parties thereto within thirty (30) days after the dispute or controversy arises, may be referred by any such party to any final and binding disputes settlement procedure acceptable to the parties. In the event they cannot agree upon such procedure, the dispute, claim, or grievance may be submitted at the written request of the Recipient or the Union to final and binding arbitration. Should the parties be unable to agree upon the selection of a neutral arbitrator within ten (10) days, any party may request the American Arbitration Association to furnish, from among arbitrators who are then available to serve, five (5) arbitrators from which a neutral arbitrator shall be selected. The parties shall, within five (5) days after the receipt of such list, determine by lot the order of elimination and thereafter each shall, in that order, alternately eliminate one name until only one name remains. The remaining person on the list shall be the neutral arbitrator. Unless otherwise provided, in the case of arbitration proceedings, under paragraph (5) of this arrangement, the arbitration shall commence within fifteen (15) days after selection or appointment of the neutral arbitrator, and the decision shall be rendered within forty-five (45) days after the hearing of the dispute has been concluded and the record closed. The decision shall be final and binding. All the conditions of the arrangement shall continue to be effective during the arbitration proceedings.

(15)(b) The compensation and expenses of the neutral arbitrator, and any other jointly incurred expenses, shall be borne equally by the Union(s) and Recipient, and all other expenses shall be paid by the party incurring them.

(15)(c) In the event that employee(s) are not represented by a Union, any dispute, claim, or grievance arising from or relating to the interpretation, application or enforcement of the provisions of this arrangement which cannot be settled by the Recipient and the employee(s) within thirty (30) days after the dispute or controversy arises, may be referred by any such party to any final and binding dispute settlement procedure acceptable to the parties, or in the event the parties cannot agree upon such a procedure, the dispute or controversy may be referred to the Secretary of Labor for a final and binding determination.

(15)(d) In the event of any dispute as to whether or not a particular employee was affected by the Project, it shall be the obligation of the employee or the representative of the employee to identify the Project and specify the pertinent facts of the Project relied upon. It shall then be the burden of the Recipient to prove that factors other than the Project affected the employee. The claiming employee shall prevail if it is established that the Project had an effect upon the employee even if other factors may also have affected the employee. (See Hodgson's Affidavit in Civil Action No. 825-71).

(16) The Recipient will be financially responsible for the application of these conditions and will make the necessary arrangements so that any employee covered by this arrangement may file a written claim of its violation, through the Union, or directly if the employee is outside the bargaining unit, with the Recipient within sixty (60) days of the date the employee is terminated or laid off as a result of the Project, or within eighteen (18) months of the date the employee's position with respect to his/her employment is otherwise worsened as a result of the Project. In the latter case, if the events giving rise to the claim have occurred over an extended period, the 18-month limitation shall be measured from the last such event. No benefits shall be payable for any period prior to six (6) months from the date of the filing of any claim. Unless such claims are filed with the Recipient within said time limitations, the Recipient shall thereafter be relieved of all liabilities and obligations related to the claim.

The Recipient will fully honor the claim, making appropriate payments, or will give notice to the claimant or his/her representative of the basis for denying or modifying such claim, giving reasons therefore. If the Recipient fails to honor such claim, the Union or non-bargaining unit employee may invoke the following procedures for further joint investigation of the claim by giving notice in writing. Within ten (10) days from the receipt of such notice, the parties shall exchange such factual material as may be requested of them relevant to the disposition of the claim and shall jointly take such steps as may be necessary or desirable to obtain from any third party such additional factual materials as may be relevant. In the event the Recipient rejects the claim, the claim may be processed to arbitration as hereinabove provided by paragraph (15).

(17) Nothing in this arrangement shall be construed as depriving any employee of any rights or benefits which such employee may have under existing employment or collective bargaining agreements or otherwise; provided that there shall be no duplication of benefits to any employee, and, provided further, that any benefit under this arrangement shall be construed to include the conditions, responsibilities, and obligations accompanying such benefit. This arrangement shall not be deemed a waiver of any rights of any Union or of any represented employee derived from any other agreement or provision of federal, state or local law.

(18) During the employee's protective period, a dismissed employee shall, if the employee so requests, in writing, be granted priority of employment or reemployment to fill any vacant position within the jurisdiction and control of the Recipient reasonably comparable to that which the employee held when dismissed, including those in the employment of any entity bound by this arrangement pursuant to paragraph (21) herein, for which the employee is, or by training or retraining can become, qualified; not, however, in contravention of collective bargaining agreements related thereto. In the event such employee requests such training or re-training to fill such vacant position, the Recipient shall provide for such training or re-training at no cost to the employee. The employee shall be paid the salary or hourly rate provided for in the applicable collective bargaining agreement or otherwise established in personnel policies or practices for such position, plus any displacement allowance to which the employee may be otherwise entitled. If such dismissed employee who has made such request falls, without good cause, within ten (10) days to accept an offer of a position comparable to that which the employee held when dismissed for which the employee is qualified, or for which the employee has satisfactorily completed such training, the employee shall, effective at the expiration of such ten-day period, forfeit all rights and benefits under this arrangement.

As between employees who request employment pursuant to this paragraph, the following order where applicable shall prevail in hiring such employees:

(a) Employees in the craft or class of the vacancy shall be given priority over employees without seniority in such craft or class;

(b) As between employees having seniority in the craft or class of the vacancy, the senior employees, based upon their service in that craft or class, as shown on the appropriate seniority roster, shall prevail over junior employees;

(c) As between employees not having seniority in the craft or class of the vacancy, the senior employees, based upon their service in the crafts or classes in which they do have seniority as shown on the appropriate seniority rosters, shall prevail over junior employees.

(19) The Recipient will post, in a prominent and accessible place, a notice stating that the Recipient has received federal assistance under the Federal Transit statute and has agreed to comply with the provisions of 49 U.S.C., Section 5333(b). This notice shall also specify the terms and conditions set forth herein for the protection of employees. The Recipient shall maintain and keep on file all relevant books and records in sufficient detail as to provide the basic information necessary to the proper application, administration, and enforcement of this arrangement and to the proper determination of any claims arising thereunder.

(20) In the event the Project is approved for assistance under the statute, the foregoing terms and conditions shall be made part of the contract of assistance between the federal government and the applicant for federal funds and between the applicant and any recipient of federal funds; provided, however, that this arrangement shall not merge into the contract of assistance, but shall be independently binding and enforceable by and upon the parties thereto, and by any covered employee or his/her representative, in accordance with its terms, nor shall any other employee protective agreement merge into this arrangement, but each shall be independently binding and enforceable by and upon the parties thereto, in accordance with its terms.

(21) This arrangement shall be binding upon the successors and assigns of the parties hereto, and no provisions, terms, or obligations herein contained shall be affected, modified, altered, or changed in any respect whatsoever by reason of the arrangements made by or for the Recipient to manage and operate the system.

Any person, enterprise, body, or agency, whether publicly - or privately-owned, which shall undertake the management, provision and/or operation of the Project services or the Recipient's transit system, or any part or portion thereof, under contractual arrangements of any form with the Recipient, its successors or assigns, shall agree to be bound by the terms of this arrangement and accept the responsibility with the Recipient for full performance of these conditions. As a condition precedent to any such contractual arrangements, the Recipient shall require such person, enterprise, body or agency to so agree.

(22) In the event of the acquisition, assisted with Federal funds, of any transportation system or services, or any part or portion thereof, the employees of the acquired entity shall be assured employment, in comparable positions, within the jurisdiction and control of the acquiring entity, including positions in the employment of any entity bound by this arrangement pursuant to paragraph (21). All persons employed under the provisions of this paragraph shall be appointed to such comparable positions without examination, other than that required by applicable federal, state or federal law or collective bargaining agreement, and shall be credited with their years of service for purposes of seniority, vacations, and pensions in accordance with the records of their former employer and/or any applicable collective bargaining agreements.

(23) The employees covered by this arrangement shall continue to receive any applicable coverage under Social Security, Railroad Retirement, Workmen's Compensation, unemployment compensation, and the like. In no event shall these benefits be worsened as a result of the Project.

(24) In the event any provision of this arrangement is held to be invalid, or otherwise unenforceable under the federal, state, or local law, in the context of a particular Project, the remaining provisions of this arrangement shall not be affected and the invalid or unenforceable provision shall be renegotiated by the Recipient and the interested Union representatives, if any, of the employees involved for purpose of adequate replacement under Section 5333(b). If such negotiation shall not result in mutually satisfactory agreement any party may invoke the jurisdiction of the Secretary of Labor to determine substitute fair and equitable employee protective arrangements for application only to the particular Project, which shall be incorporated in this arrangement only as applied to that Project, and any other appropriate action, remedy, or relief.

(25) If any employer of the employees covered by this arrangement shall have rearranged or adjusted its forces in anticipation of the Project, with the effect of depriving an employee of benefits to which the employee should be entitled under this arrangement, the provisions of this arrangement shall apply to such employee as of the date when the employee was so affected.

Last Updated: 02-07-18



**Office of Labor-Management
Standards**

An agency within the U.S.
Department of Labor

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FTA and 2 CFR 200 Agreement

Name of Awarding Agency: Federal Transit Administration (FTA)

Name of Recipient Agency: New Hampshire Department of Transportation (NHDOT)

Name of Subrecipient Agency: Advance Transit, Inc.

Advance Transit, Inc., shall comply with all applicable federal laws, regulations, and requirements as outlined in the most recent Federal Transit Administration (FTA) Master Agreement and Federal Certifications and Assurances. This award includes information required by 2 CFR Part 200 as follows:

FTA award project description: *(As required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA))*

Amount: **\$8,643,178.00**

Catalog of Federal Domestic Assistance (CFDA) number: 20.509

FTA Award Name: **FTA SECTION 5311 (RURAL) PUBLIC TRANSPORTATION PROJECT SOLICITATION**

Federal Award Identification Number (FAIN): **1385-2021-5**

Federal Award Date: **TBD**

Contact information for sub-awarding official:

Name: **Patrick C. Herlihy** Title: **Director of Aeronautics, Rail & Transit**

Email: **Patrick.C.Herlihy@dot.nh.gov** Phone: **603-271-2449**

Is this award for research and development? **No**

NHDOT's cost rate for the federal award: **N/A**

Subrecipient Information:

Subrecipient Name: **Advance Transit, Inc.**

Subrecipient DUNS number: **118080233**

Subrecipient SAM.GOV registration: **5J3P7**

Name of authorizing subrecipient official: **Matt Osborn**

Title of authorizing subrecipient official: **President**

Federal Clauses: **N/A**

Master Agreement/Certifications and Assurances: **Yes**

Subrecipient Federal indirect cost rate: **N/A**

(An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a De Minimis indirect cost rate as defined in §200.414 Indirect. (F&A) costs, paragraph (f)).



Subaward Period of performance:

Start Date: 7/1/21 End Date: 6/30/23

Total amount of FTA sub-award obligated by this action (contract/amendment):

For FFY: 2021 Section: 5311 Amount: \$6,193,964.00

Total amount of FTA sub-award committed to the subrecipient (original contract & amendments):

For FFY: 2021 Section: 5311 Amount: \$6,193,964.00

Pass-through requirements:

The subrecipient, Advance Transit, Inc., agrees to meet all requirement imposed by the pass-through entity (NHDOT) on the subrecipient so that the Federal award is used in accordance with Federal statutes,, regulations and the terms and conditions of the Federal award.

The subrecipient, Advance Transit, Inc., agrees to any additional requirements that the pass-through entity (NHDOT) imposes on the subrecipient in order for the pass-through entity (NHDOT) in order for the pass-through entity (NHDOT) to meet its own responsibility to the Federal awarding agency (FTA) including identification of any required financial and performance reports.

The subrecipient, Advance Transit, Inc., agrees to permit the pass-through entity (NHDOT) and auditors to have access to the subrecipients records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and appropriate terms and conditions concerning closeout of the subaward.

Date: Click or tap to enter a date. 5/5/21

Name of authorizing subrecipient official: Matt Osborn

Title of authorizing subrecipient official: President

Signature of authorizing subrecipient official: 

ADVANCE TRANSIT, INC.

**Audited Financial Statements,
Supplemental Financial Information, and
Reports on Compliance and Internal Control**

June 30, 2020 and 2019

ADVANCE TRANSIT, INC.

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Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

Independent Auditors' Report

To the Board of Directors of
Advance Transit, Inc.
Wilder, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of Advance Transit, Inc. (A New Hampshire non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advance Transit, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2020, on our consideration of Advance Transit, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Graham & Veroff, P.C.

Graham & Veroff, P.C.
Springfield, Vermont
August 19, 2020
VT Reg. #92-0000282
NH Registration #659
ME Registration #FMP 10001129

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ADVANCE TRANSIT, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,125,172	\$ 1,647,666
Accounts receivable	800,753	81,519
Restricted municipal and contract pledges receivable	986,691	985,390
Pledges receivable	-	25,000
Prepaid expenses	110,695	137,392
Inventory	205,044	201,213
Total current assets	<u>4,228,355</u>	<u>3,078,180</u>
PROPERTY AND EQUIPMENT		
Land	263,358	263,358
Land improvements	47,804	47,804
Buildings and improvements	4,357,300	4,357,300
Transportation equipment	11,557,174	10,592,573
Communication and radio equipment	93,511	124,215
Office and shop equipment	701,521	739,695
	<u>17,020,668</u>	<u>16,124,945</u>
Less accumulated depreciation and amortization	6,027,752	5,085,166
Property and equipment, net	<u>10,992,916</u>	<u>11,039,779</u>
TOTAL ASSETS	<u>\$ 15,221,271</u>	<u>\$ 14,117,959</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 68,596	\$ 26,731
Accrued payroll expenses	235,519	199,544
Deferred revenue	40,814	1,607
Total current liabilities	<u>344,929</u>	<u>227,882</u>
LONG-TERM LIABILITIES		
Paycheck Protection Program note payable	673,300	-
Total liabilities	<u>1,018,229</u>	<u>227,882</u>
NET ASSETS		
Without donor restrictions		
Designated		
Capital reserve	576,369	69,335
Operating reserve	1,500,000	1,200,000
Undesignated	91,320	585,858
With donor restrictions	12,035,353	12,034,884
Total net assets	<u>14,203,042</u>	<u>13,890,077</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,221,271</u>	<u>\$ 14,117,959</u>

See Accompanying Notes to Financial Statements

ADVANCE TRANSIT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal government: section 5311, operating	\$ 3,149,628	\$ -	\$ 3,149,628
Federal and state government: section 5339/5311, capital	-	962,370	962,370
Federal government: CMAQ, operating	126,924	-	126,924
Federal government: RTAP	3,083	-	3,083
Contract	739,868	608,540	1,348,408
Municipal	112,004	378,151	490,155
State of Vermont	110,000	-	110,000
State of New Hampshire	34,782	-	34,782
Other	16,759	-	16,759
Donations	148,770	44,764	193,534
Net assets released from restrictions	<u>2,103,238</u>	<u>(2,103,238)</u>	<u>-</u>
Total revenue and support	<u>6,545,056</u>	<u>(109,413)</u>	<u>6,435,643</u>
EXPENSES			
Program Services			
Public and other transportation	<u>5,407,054</u>	<u>-</u>	<u>5,407,054</u>
Total program services	<u>5,407,054</u>	<u>-</u>	<u>5,407,054</u>
Support Services			
General and Administrative	637,877	-	637,877
Fundraising	<u>77,747</u>	<u>-</u>	<u>77,747</u>
Total support services	<u>715,624</u>	<u>-</u>	<u>715,624</u>
Total expenses	<u>6,122,678</u>	<u>-</u>	<u>6,122,678</u>
Change in net assets before transfers	422,378	(109,413)	312,965
Transfers of local share to restricted	(109,882)	109,882	-
Net assets, beginning of year	<u>1,855,193</u>	<u>12,034,884</u>	<u>13,890,077</u>
Net assets, end of year	<u>\$ 2,167,689</u>	<u>\$ 12,035,353</u>	<u>\$ 14,203,042</u>

See Accompanying Notes to Financial Statements

ADVANCE TRANSIT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal government: section 5311, operating	\$ 2,342,847	\$ -	\$ 2,342,847
Federal and state government: section 5339/5311, capital	-	3,363,296	3,363,296
Federal government: RTAP	18,650	-	18,650
Contract	1,270,777	-	1,270,777
Municipal	-	985,390	985,390
State of Vermont	110,000	-	110,000
Gain or loss on disposals	22,992	-	22,992
Other	19,349	-	19,349
Donations	168,416	95,000	263,416
Net assets released from restrictions	1,618,207	(1,618,207)	-
Total revenue and support	<u>5,571,238</u>	<u>2,825,479</u>	<u>8,396,717</u>
EXPENSES			
Program Services			
Public and other transportation	4,842,561	-	4,842,561
Total program services	<u>4,842,561</u>	<u>-</u>	<u>4,842,561</u>
Support Services			
General and Administrative	534,372	-	534,372
Fundraising	71,197	-	71,197
Total support services	<u>605,569</u>	<u>-</u>	<u>605,569</u>
Total expenses	<u>5,448,130</u>	<u>-</u>	<u>5,448,130</u>
Change in net assets before transfers	123,108	2,825,479	2,948,587
Transfers of local share to restricted	(376,552)	376,552	-
Net assets, beginning of year	2,108,637	8,832,853	10,941,490
Net assets, end of year	<u>\$ 1,855,193</u>	<u>\$ 12,034,884</u>	<u>\$ 13,890,077</u>

See Accompanying Notes to Financial Statements

ADVANCE TRANSIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services		Support Services		Total
	Public and Other Transportation	General and Administrative	Fundraising	Total Support Services	
Expenses:					
Salaries	\$ 2,349,087	\$ 301,923	\$ 50,483	\$ 352,406	\$ 2,701,493
Payroll Taxes	184,555	30,691	-	30,691	215,246
Benefits	733,220	88,853	-	88,853	822,073
Fuel	233,911	939	-	939	234,850
Repairs	246,928	789	-	789	247,717
RTAP Grant	4,041	-	-	-	4,041
Consulting	31,241	63,619	-	63,619	94,860
Office	105,614	71,851	27,264	99,115	204,729
Insurance	288,022	14,548	-	14,548	302,570
Travel	5,060	1,935	-	1,935	6,995
Uniforms	20,026	-	-	-	20,026
Building	139,462	-	-	-	139,462
Parts Inventory	7,429	-	-	-	7,429
Depreciation	1,058,458	62,729	-	62,729	1,121,187
Total expenses	<u>\$ 5,407,054</u>	<u>\$ 637,877</u>	<u>\$ 77,747</u>	<u>\$ 715,624</u>	<u>\$ 6,122,678</u>

See Accompanying Notes to Financial Statements

ADVANCE TRANSIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services		Support Services		Total
	Public and Other Transportation	General and Administrative	Fundraising	Total Support Services	
Expenses:					
Salaries	\$ 2,064,822	\$ 232,195	\$ 49,550	\$ 281,745	\$ 2,346,567
Payroll Taxes	165,226	19,050	-	19,050	184,276
Benefits	601,155	51,173	-	51,173	652,328
Fuel	268,921	779	-	779	269,700
Repairs	236,123	2,577	-	2,577	238,700
RTAP Grant	18,540	-	-	-	18,540
Consulting	58,508	39,001	-	39,001	97,509
Office	60,692	78,097	21,647	99,744	160,436
Insurance	270,389	15,058	-	15,058	285,447
Travel	7,057	3,197	-	3,197	10,254
Uniforms	23,449	-	-	-	23,449
Capital Grant Planning Expense	30,915	-	-	-	30,915
Building	135,131	-	-	-	135,131
Parts Inventory	62,430	-	-	-	62,430
Depreciation	839,203	93,245	-	93,245	932,448
Total expenses	<u>\$ 4,842,561</u>	<u>\$ 534,372</u>	<u>\$ 71,197</u>	<u>\$ 605,569</u>	<u>\$ 5,448,130</u>

See Accompanying Notes to Financial Statements

ADVANCE TRANSIT, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 312,965	\$ 2,948,587
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,121,187	932,448
Gain (loss) on disposal of equipment	(2,072)	(22,992)
(Increase) decrease in accounts receivable	(719,234)	292,431
(Increase) decrease in municipal and contract pledges receivable	(1,301)	(340,179)
(Increase) decrease in pledges receivable	25,000	(25,000)
(Increase) decrease in prepaid expenses	26,697	(24,079)
(Increase) decrease in inventory	(3,831)	74,453
Increase (decrease) in accounts payable	41,865	(40,401)
Increase (decrease) in accrued payroll expenses	35,975	11,975
Increase (decrease) in deferred revenue	39,207	(7,217)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>876,458</u>	<u>3,800,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,072,252)	(3,712,834)
Proceeds from the sale of equipment	-	47,125
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,072,252)</u>	<u>(3,665,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	673,300	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>673,300</u>	<u>-</u>
NET INCREASE IN CASH	477,506	134,317
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,647,666</u>	<u>1,513,349</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,125,172</u>	<u>\$ 1,647,666</u>

See Accompanying Notes to Financial Statements

ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – NATURE OF ACTIVITIES

Advance Transit, Inc. (the "Organization") is a voluntary, not-for-profit corporation incorporated under the laws of the State of New Hampshire and is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Its mission is to provide a comprehensive transportation network for the several towns of the Upper Connecticut River Valley Region of New Hampshire and Vermont.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The Organization adheres to the Presentation of Financial Statements for not-for-profit organizations topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (FASB ASC 958-205). Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Descriptions of the two net asset categories are as follows:

Without donor restrictions – Those resources not subject to donor-imposed restrictions. The Board of Directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With donor restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization's bank deposit account balances are Federal Deposit Insurance Corporation insured up to \$250,000, and any excess amounts are fully collateralized by the pledge of eligible collateral by the depository bank. The Association has not experienced any losses with these accounts. Management believes the Association is not exposed to any significant credit risk on cash.

ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

A substantial portion of the Organization's revenue and support is derived from cost reimbursement contracts with the States of New Hampshire and Vermont. Revenue and support is recognized when reimbursable expenditures are incurred. Payments are received, up to each of the contracts' respective cost limitations upon the Organization's submittal of written requests for reimbursement of allowable expenditures.

Contributions

Contributions received are recorded as unrestricted (without donor restrictions) or restricted (with donor restrictions) support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Pledges

Unconditional promises to give, including capital campaign pledges, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the amounts deemed collectible. It is the Organization's policy to charge off uncollectible receivables when management determines that the receivable will not be collected.

In order to ensure observance of limitations and restrictions placed on the use of resources available to Advance Transit, Inc., separate accounts are maintained for each activity. They are as follows:

Public and Other Transportation – accounts for revenue and expenses involved with operating fixed public transportation routes as well as other non-fixed routes open to the public and expenses for administration and direct trip reimbursement subcontracted by other agencies or programs.

Rural Transit Assistance Program – accounts for revenue and expenses associated with training in non-urbanized areas.

Income Taxes

Advance Transit, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Organization has adopted the provisions of FASB ASC 740, *Accounting for Income Taxes*. Accordingly, management has evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status, has properly reported any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Property and Equipment

The Organization records purchases of equipment at cost. Expenditures for property, plant and equipment with a cost greater than \$5,000 are capitalized. Depreciation and amortization are computed on the straight-line method based on the following useful lives. Expenditures for maintenance, repairs and improvements, which do not materially extend the useful lives of the assets, are expensed.

	<u>Years</u>
Land improvements	15
Buildings and improvements	10 - 50
Transportation equipment	5 - 12
Communication and radio equipment	5
Office and shop equipment	5 - 10

The Organization's facility and certain transportation equipment are subject to liens held by the States of New Hampshire and/or Vermont as agents for the Federal Transit Administration or other Federal agencies to provide for the compliance with grant requirements. The States of New Hampshire and/or Vermont also hold the title to any equipment while subject to a lien. Substantially all of the Organization's property and equipment, including related financing of these assets, are subject to these requirements. Therefore, the net assets related to property and equipment acquired through grants is reported as restricted.

Deferred revenue

The Organization records deferred revenue, which represents sponsorship, local grant match pledges, and advertising income covering periods beyond June 30, 2020 and unearned sponsorship and municipal assistance received in advance of the period to which the revenue relates.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors to review its plans for future property improvements and acquisitions, as well as other operating needs, from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such purposes.

ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable include funds due the Organization under various grant award agreements. Accounts receivable as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
New Hampshire Department of Transportation	\$ 481,963	\$ 9,964
Vermont Agency of Transportation	263,876	19,108
Contracts	31,109	-
Federal and state excise tax	23,558	32,921
Bus sale proceeds	-	18,250
Bus sponsors	247	1,276
Total accounts receivable	<u>\$ 800,753</u>	<u>\$ 81,519</u>

NOTE 4 – RESTRICTED MUNICIPAL AND CONTRACT PLEDGES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Contributions:		
Donor restricted contributions:		
Town of Hanover	\$ 147,150	\$ 136,683
Town of Hartford	81,743	79,362
Town of Norwich	13,514	13,514
City of Lebanon	121,221	121,221
Town of Enfield	5,253	5,253
Town of Canaan	9,270	9,270
Dartmouth Hitchcock Medical Center	118,540	115,087
Dartmouth College	490,000	505,000
Total	<u>\$ 986,691</u>	<u>\$ 985,390</u>

NOTE 5 – LINE OF CREDIT

The Organization has available a bank line of credit for any amount up to \$200,000 at June 30, 2020 and 2019. The line of credit is due on demand and secured by the business assets of the Organization. Draws on the line of credit bear interest based on the Wall Street Journal Prime rate (currently indexed to 3.25%) for the year ended June 30, 2020 and 2019. There were no outstanding balances on this line of credit as of June 30, 2020 and 2019.

NOTE 6 – PAYROLL PROTECTION PROGRAM NOTE PAYABLE

On January 30, 2020, the World Health Organization declared the coronavirus a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. At the time of the Public Health Emergency declarations there were many unknowns about funding and future costs to the Organization.

ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 – PAYROLL PROTECTION PROGRAM NOTE PAYABLE (Continued)

Therefore, on April 3, 2020, the Organization, applied for and was granted a loan (the “Loan”) from a bank in the aggregate amount of \$673,300, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 16, 2020 issued by the Borrower, matures on April 16, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 6, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, rent, interest and utilities, incurred during the covered period (24-week period commencing April 16, 2020 through October 1, 2020). The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

NOTE 7 – NET ASSETS

Board Designated Net Assets

In June 2016, the Board approved the establishment of a Board designated capital reserve fund. In November of 2018 the Board approved a change that modified the purpose to include funds committed for the coming fiscal year as part of the budget process and amounts that are beyond that period but reasonably certain to be incurred.

This figure will be adjusted as capital match requirements change. Effective with fiscal year 2020, the capital match reserve was set at \$213,612. During the fiscal year ending June 30, 2020, \$96,270 was spent on required local grant match amounts for capital assets acquired, leaving a remaining balance of \$103,730 at June 30, 2020. This was reset on June 30, 2020 to \$576,369 to cover capital local match as identified in the Board approved FY 2021 budget.

In January 2016 the Board approved the establishment of a Board designated operating reserve fund. The purpose of the operating reserve fund is to set aside approximately three months of operating expenses for the organization, which was at that time the reserve was created, identified as \$1 million and for June 30, 2020 is now \$1.5 million. The amount of the operating reserve target minimum will be re-calculated annually and as a part of the annual budget process by the Board of Directors’ Finance Committee.

The Executive Director, after consultation with the Finance Committee, is delegated authority to use up to \$200,000 of operating reserves for policy designated needs.

Board Designated Net Assets

The Executive Director, after consultation with the Treasurer and after Board approval, is delegated authority to use up to \$200,000 of operating reserves for policy designated needs.

ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 – NET ASSETS (Continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of equipment and vehicles purchased with restricted resources, thereby limiting the assets use to specified purposes throughout the useful life of the assets, foundation grant funds received to cover the startup costs of a planned giving fund, Town appropriations approved in 2020 but to be paid in 2021 and capital campaign pledges.

Net assets with donor restrictions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Net property, plant and equipment funded with restricted resources	\$ 11,003,898	\$ 10,954,494
Capital campaign contributions	5,000	95,000
Orange/yellow line local match contribution	39,764	-
Municipal and contract pledges	<u>986,691</u>	<u>985,390</u>
Total	<u>\$ 12,035,353</u>	<u>\$ 12,034,884</u>

Net assets released from restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Depreciation on restricted assets	\$ 1,117,848	\$ 948,991
Expiration of time restrictions on contributions receivable	985,390	645,211
Expiration of purpose restrictions on bus disposals	-	<u>24,005</u>
Total net assets released from restrictions	<u>\$ 2,103,238</u>	<u>\$ 1,618,207</u>

NOTE 8 – RETIREMENT PLAN

The Organization sponsors a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees. Under the plan, employees contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. The Organization may agree to make “non-elective” contributions or a matching contribution to their employees’ 403(b) plans. The Organization currently matches 25% on the first 5% of employee deferrals. For the years ended June 30, 2020 and 2019 employer contributions to the plan amounted to \$19,039 and \$17,229, respectively.

NOTE 9 – ECONOMIC DEPENDENCE

The Organization receives substantial grant/contract funds from the New Hampshire Department of Transportation and Vermont Agency of Transportation and is dependent upon this funding to support most of its activities and operations. This funding is renegotiated each year and is not guaranteed for future years beyond 2020. Loss of these funds could jeopardize the Organization’s ability to continue its activities and operations.

**ADVANCE TRANSIT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include the estimated payment of municipal and contract pledges receivable as of June 30, 2020 of \$986,691.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Financial assets consist of:		
Cash and cash equivalents	\$ 2,125,172	\$ 1,647,666
Accounts, municipal and pledges receivable	<u>1,787,444</u>	<u>1,091,909</u>
Total financial assets	<u>3,912,616</u>	<u>2,739,575</u>
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	<u>44,764</u>	<u>95,000</u>
 Financial assets available to meet cash needs for general expenditure within one year	 <u>\$ 3,867,852</u>	 <u>\$ 2,644,575</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments through a sweep account arrangement with its primary bank.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 19, 2020, which is the date the financial statements were available to be issued and has determined that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

ADVANCE TRANSIT, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor Agency and Program Title	CFDA Number	Pass-Through Identifying Number	Program or Award Amount	Awards Expended
U.S. Department of Transportation				
Major Programs:				
<u>State of Vermont Agency of Transportation:</u>				
Bus and Bus Facilities Formula Program	20.526	FT201901-061	\$ 163,200	\$ 137,094
Bus and Bus Facilities Formula Program	20.526	FT040021-051	12,016	11,471
Bus and Bus Facilities Formula Program	20.526	FT201901-071	765,000	743,168
Subtotal CFDA 20.526				<u>891,733</u>
<u>State of New Hampshire Department of Transportation:</u>				
Formula Grants for Rural Areas	20.509	NH-18-X050/NH-2018-009 & NH-18-0001/NH-2019-015/ NH-2020-007/NH-18-0002	2,365,566	2,365,566
Formula Grants for Rural Areas	20.509	NH-18-X045	10,000	-
<u>State of Vermont Agency of Transportation:</u>				
Formula Grants for Rural Areas	20.509	COVIDFTA-900	502,501	177,594
Formula Grants for Rural Areas	20.509	COVIDFTA-401	61,344	51,729
Formula Grants for Rural Areas	20.509	FT201803-931	17,419	17,419
Formula Grants for Rural Areas	20.509	FT201903-931	220,152	159,852
Formula Grants for Rural Areas	20.509	FT201904-451	172,500	172,500
Formula Grants for Rural Areas	20.509	FT201903-451	57,500	57,500
Formula Grants for Rural Areas	20.509	FT201903-551	20,000	20,000
Formula Grants for Rural Areas	20.509	FT201904-551	110,000	110,000
Formula Grants for Rural Areas	20.509	FT201904-851	162,560	126,924
Formula Grants for Rural Areas	20.509	FT201903-701	3,000	2,332
Formula Grants for Rural Areas	20.509	FT201603-051	6,000	4,356
Formula Grants for Rural Areas	20.509	FT201604-051	6,720	5,428
Subtotal CFDA 20.509				<u>3,271,200</u>
Total Major Programs				<u>4,162,933</u>
Total Expenditures of Federal Awards				<u>\$ 4,162,933</u>

ADVANCE TRANSIT, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

NOTE 1 – REPORTING ENTITY

Advance Transit, Inc. (the “Organization”) is a voluntary, not-for-profit organization incorporated under the laws of the State of New Hampshire (RSA 292) and is engaged to provide a comprehensive transportation network for the several towns in the Upper Connecticut River Valley Region of New Hampshire and Vermont. The Organization was founded in January 1984 and is headquartered in Wilder, Vermont.

NOTE 2 – SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

The Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all Federal award programs of Advance Transit, Inc. All Federal awards are received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the schedule.

NOTE 3 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared in the format as set forth in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Schedule is presented using the accrual basis of accounting. It includes all Federal awards to the Organization which had expenditure activity during the year ended June 30, 2020. Several programs are jointly funded by the State of Vermont and State of New Hampshire appropriations in addition to Federal Awards. The Schedule reflects only that part of the grant activity funded by Federal Awards. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

NOTE 4 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the 2019 Catalog of Federal Domestic Assistance.

Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Advance Transit, Inc.
Wilder, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States, the financial statements of Advance Transit, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Graham & Veroff, P.C.

Graham & Veroff, P.C.
Springfield, Vermont

August 19, 2020

VT Registration #92-0000282

NH Registration #659

ME Registration #FMP 10001129

Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Advance Transit, Inc.
Wilder, Vermont

Report on Compliance for Each Major Federal Program

We have audited Advance Transit, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Advance Transit, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Advance Transit, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (Continued)

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Graham & Veroff, PC

Graham & Veroff, P.C.

Springfield, Vermont

August 19, 2020

VT Registration #92-0000282

NH Registration #659

ME Registration #FMF 10001129

ADVANCE TRANSIT, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I – Summary of Auditors’ Report

Financial Statements

Type of auditors’ report issued: **Unqualified**

Internal control over financial reporting:

- Material Weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses. No

Non-compliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Type of auditors’ report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the *Uniform Guidance*? No

Identification of Major Programs

Name of program or cluster	CFDA number
U.S. Department of Transportation – Bus and Bus Facilities Formula Program	20.526
U.S. Department of Transportation – Formula Grants for Rural Areas	20.509

Dollar threshold used to distinguish between Type A and Type B programs: **\$ 750,000**

Auditee qualified as a low risk auditee under Section 200.520 of the *Uniform Guidance*: **Yes**

Section II – Financial Statement Findings

No current year findings.

Section III – Federal Award Findings and Questioned Costs

No current or prior year findings

Advance Transit Officers and Directors

July 1, 2020

President	Vice President	Treasurer
Matt Osborn (Term ends 6/22)	Suzanne Prentiss (Term ends 6/22)	Robert Starkey (Term ends 6/21)
	City Councilor, Ward 1	
Member At-Large	Lebanon Member	Member At Large
Secretary		
Jim Tonkovich (Term ends 6/21)	Mark Beliveau (Term ends 6/21)	Bethany Fleishman (Term ends 6/22)
		Transportation Program Manager
Hartford Member	Hanover Member	Hartford Member
David Stewart (Term end 6/23)	Demo Sofronas (Term ends 6/22)	Patrick O'Neill (Term ends 6/23)
Member At-Large	Norwich Member	Member At-Large
James L. Taylor (Term ends 6/23)	Robert Houseman (Term ends 6/23)	Nathan Miller (Term ends 6/21)
Enfield Member	Hanover Member	Member At-Large
Rebecca Owens (Term ends 6/21)	Kathie Nolet (Term ends 6/23)	
Associate Planner		
Planning and Development Dept.		
Lebanon Member	Member At-Large	