
ANN ARBOR AREA TRANSPORTATION AUTHORITY BOARD OF DIRECTORS

DATE: Thursday, January 18, 2018

TIME: 6:30pm

PLACE: Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor MI 48104

MEETING CHAIR: Eric Mahler

AGENDA

1) Opening Items	Detail
a. Approve Agenda	
b. Public Comment	
c. General Announcements	
2) Consent Items	
a. <i>Approval of Minutes of December 21, 2017</i> (p. 1-5)	
b. <i>MDOT Annual Application</i> (p. 6-9)	
3) Policy Monitoring and Development	
a. Board's Annual Plan of Work Item & Ends Policies	
b. Policy Monitoring and Committee Reports	
1. Governance Committee: Retreat Planning; Board Code follow-up	Mahler
2. Finance Committee (p. 10-11)	Allemang
a. Policy Recommendation 2.6 Investments (p. 12-17)	
3. Service Committee (p. 18-19)	Hewitt
c. Other Board Reports & Ownership Linkages	
1. LAC (p. 20-23), WATS, A2 Transportation Commission	Keeler, Krieg, Gururaja
4) Strategy and Operational Updates: CEO	Carpenter
a. <i>CEO Report</i> (p. 24)	In writing (no presentation planned)
b. <i>Millage Recommendation (Decision)</i> (p. 25-26)	
c. <i>Policy Monitoring: 2.3 Compensation and Benefits (No Decision)</i> (p. 27-37)	
5) Board Development	Mahler
a. Governance Policy Monitoring: 3.5 Chair's Role	
b. Board Education	
6) Emergent Business	
7) Closing Items	
a. Topics for Next Meeting	<i>Thursday, February 15, 2018 @ 6:30pm</i>
b. Public Comment	
c. Board Assessment of Meeting	
d. Adjournment	

Monitoring Reports

Sample Motions

Accepting: I move that:

- We affirm that Monitoring Report XYZ has been read by board members, and
- We accept this report as it provides
 - a reasonable interpretation of the policy and
 - evidence of compliance with that reasonable interpretation [or... while not in compliance, shows evidence of reasonable progress/commitment toward compliance]

Not Accepting: I move that:

- We affirm that Monitoring Report XYZ has been read by board members, and
- We do not accept this report
 - as the interpretation for XYZ.XYZ cannot be deemed reasonable by a rational person
 - A. OR
 - though it provides a reasonable interpretation, it does not adequately provide evidence of compliance for XYZ.XYZ.
- CEO will provide an updated Monitoring Report XYZ within ## months.

If additional policy development is desired:

Discuss in Board Agenda Item 3.0 Policy Monitoring and Development. It may be appropriate to assign a committee or task force to develop policy language options for board to consider at a later date.

Emergent Topics

Policy 3.13 places an emphasis on distinguishing Board and Staff roles, with the Board focusing on “long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.” Policy 3.1.3.1 specifies that that Board use a structured conversation before addressing a topic, to ensure that the discussion is appropriately framed:

1. What is the nature of the issue? Is the issue within the scope of the agency?
 2. What is the value [principle] that drives the concern?
 3. Whose issue is this? Is it the Board’s [Policy, 3.0 and 4.0] or the CEO’s [running the organization, 1.0 and 2.0]?
 4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?
-

Ann Arbor Area Transportation Authority Board of Directors
Meeting Minutes

Thursday, December 21, 2017

6:30 p.m.

Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan

Present: Mike Allemang, Jack Bernard, Eli Cooper, Gillian Gainsley, Sue Gott, Prashanth Gururaja, Roger Hewitt, Larry Krieg, Eric Mahler (Chair), Kyra Sims

Chairman Eric Mahler called the meeting to order at 6:31 p.m.

1) Opening Items

a. Approve Agenda

A motion was made by Mr. Bernard to approve the agenda, seconded by Mr. Hewitt. On a voice vote, Chairman Mahler declared the motion carried.

b. Public Comment

Carolyn Grawi commented on Mr. Bernard's departure from the Board and the 2018 millage. Ms. Grawi also commented on the breadth of AAATA services, announced that she was leaving the community and expressed appreciation for the positive relationships she has enjoyed with the AAATA board and staff.

c. General Announcements

1. Farewell Jack Bernard

Chairman Mahler reviewed highlights of Mr. Bernard's tenure on the Board and thanked him for his service. Mr. Bernard described his experience as a board member and rider, and expressed appreciation to his fellow board members, the AAATA staff and drivers, and Local Advisory Council.

2) Consent Items

The following items were approved by consensus.

a. Approval of Minutes of November 16, 2017

b. LAC Executive Committee Appointments

Resolution 2/2018
APPOINTMENT OF LOCAL ADVISORY COUNCIL EXECUTIVE COMMITTEE
MEMBERS

WHEREAS, the Local Advisory Council (LAC) is charged with providing input to the Ann Arbor Area Transportation Authority (AAATA) Board of Directors, and

WHEREAS, included in the Charge are the terms for appointing members of the LAC Executive Committee, and

WHEREAS, at its October 14, 2017 meeting, under the terms of the Charge the LAC recommended the appointment of the following individuals to the LAC Executive Committee:

- Rebecca Burke
- Jody Slowins

NOW, THEREFORE, BE IT RESOLVED, that the AAATA Board of Directors hereby appoints Rebecca Burke and Jody Slowins to the LAC Executive Committee, and

BE IT FURTHER RESOLVED, that the AAATA Board of Directors echoes the LAC's recognition of Cheryl Weber for her time, commitment and dedication as an LAC Executive Committee member throughout two consecutive, two-year terms.

c. Sale of Buses to STARS

Resolution 3/2018

AUTHORIZATION TO SELL THREE BUSES TO SAGINAW TRANSIT AUTHORITY REGIONAL SERVICES (STARS)

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) owns three vehicles which have met their useful life according to Federal Transit Administration (FTA) and Michigan Department of Transportation (MDOT) terms and conditions; and

WHEREAS, MDOT regulations allow for the local disposal of transit vehicles that have met their useful life by sale to an eligible governmental agency/authority for not less than \$1.00; and

WHEREAS, the three vehicles will continue to be used in public transportation services within the State of Michigan,

NOW, THEREFORE, BE IT RESOLVED, that the Ann Arbor Area Transportation Authority Board of Directors hereby authorizes the sale of the following vehicles to Saginaw Transit Authority Regional Services for \$1.00 each:

2003 Gillig Low Floor 35' Transit Bus, number 426
2003 Gillig Low Floor 35' Transit Bus, number 428
2008 Champion Challenger 25' (GM Top Kick Chassis Cutaway) Bus,
number 639

3) Policy Monitoring and Development

a. Board's Annual Plan of Work Item & Ends Policies

1. Annual Plan of Work

A draft schedule was provided for review.

b. Policy Monitoring and Committee Reports

1. Governance Committee

a. Policy 3.3.9 Serving on Outside Boards + Train Station

Chairman Mahler reported on Governance Committee discussions to date. Board members commented on the Train Station; particularly, the level of endorsement the board may want to consider for the project.

2. Finance Committee

Mr. Allemang made a report on behalf of the Finance Committee; particularly: Millage Renewal, Monitoring of Ends Policy and Policy 2.6 Investments.

3. Service Committee

Mr. Hewitt made a report on behalf of the Service Committee; particularly: Millage Renewal and the Draft Ends Monitoring Report.

4. Policy Monitoring: 1.0 Ends

CEO Matt Carpenter referred to the Ends Policy Monitoring Report. Board members commented on the Draft Ends Monitoring Report and the overall policy monitoring process. Chairman Mahler and Mr. Carpenter responded to questions.

c. Other Board Reports & Ownership Linkages

1. Local Advisory Council

New LAC Co-Chair Kathleen Mozak-Betts introduced herself and fellow Co-Chair Larry Keeler. Ms. Mozak-Betts commented on Mr. Bernard's contributions to the LAC. Ms. Mozak-Betts reported on the LAC meeting; particularly, public comments, the paratransit trip "window", and the paratransit study. Mr. Bernard added to the report requesting the appointment of a new Board Liaison to the LAC. Ms. Gainsley thanked Cheryl Weber for her service to the LAC and welcomed the new co-chairs.

2. Washtenaw Area Transportation Study
No report.
 3. Ann Arbor Transportation Commission
Mr. Gururaja made a report on the Ann Arbor Transportation Commission meeting; particularly: winter road maintenance priorities within the city, the Non-Motorized Transportation Plan, and the Commission's meeting schedule.
- 4) Strategy and Operational Updates: CEO
- a. CEO Report
Mr. Carpenter referred to the written CEO Report and verbally reported on the return of Brian Clouse, the US-23 project, facility repairs, and plans for preparing for emergencies.
 - b. Millage Update
Chairman Mahler referred to the Issue Brief on the Millage Referendum and draft ballot language and Board members commented on the draft language. Chairman Mahler and Mr. Carpenter responded to questions.
- 5) Board Development
- a. Governance Policy Monitoring: 3.3 Board Member's Code of Conduct
Chairman Mahler reviewed excerpts from Policy 3.3 Board Member's Code of Conduct. Dr. Krieg commented on the Code of Conduct and presented an interpretation. Board members commented.
 - b. Board Education: Retreat
Chairman Mahler reviewed a draft retreat agenda and reported on hiring a facilitator for the retreat. Board members commented on the draft agenda and made suggestions for modifications.
- 6) Emergent Business
There was no emergent business.
- 7) Closing Items
- a. Topics for Next Meeting:
 - Millage
 - Retreat
 - b. Public Comment
None.
 - c. Board Assessment of Meeting

Board members commented on board and staff accomplishments over the past year.

d. Adjournment

A motion was made by Mr. Bernard, seconded by Mr. Hewitt, that the meeting adjourn. On a voice vote, Chairman Mahler declared the motion carried. The meeting adjourned at 9:48 p.m.

Gillian Gainsley
Secretary, AAATA Board of Directors

DRAFT

Item Brief: FY2019 State Funding Application

Meeting: Board of Directors

Date: January 18, 2018

Agenda Item # 2b

Recommended Action(s):

- Options: Recommend resolution for Board Approval

Prior Relevant Board Actions and Policies:

- FY2018 State Funding Application approved in February 2017
- FY2019 Budget context presented in September 2017

Issue Summary:

Every year AAATA is required to apply to MDOT in order to receive state funding for transit. This is a routine application due by February 15, 2018. A Board resolution is required to authorize the application for financial assistance and the Michigan Department of Transportation (MDOT) has a required format for the resolution.

Background:

AAATA's FY2019 application for state funding is a proposal for capital matching funds of federal dollars, plus annual state operating assistance.

The first element of the application is for capital funding. This portion of the application will consist of the FY 2019 capital part of AAATA's Budget, which was presented for context to the AAATA Board at the September 2017 meeting. The state capital assistance AAATA will receive will be based ultimately on federal grant application project amounts determined by Fall 2018 Board review of AAATA's FY 2019 budget. Staff is in the process of developing budget process updates for the Board to review capital and operating priorities for future fiscal years.

The second element is an operating budget for FY 2019. A proposed budget is required to be submitted with the application, but it is an estimate which is subject to change before the beginning of the fiscal year. Staff is in the process of developing a final budget which includes sustaining service in FY 2019.

The capital figures will be reconciled with AAATA's federal grant application due in June 2019. The state operating assistance AAATA will receive will be based on our actual expenses next year, not the expenses in the application.

Impacts of Recommended Action(s): here is how this item affects these areas of sustainability

- **Budgetary/Fiscal:** approves \$15 million in state revenue for continuing state funding assistance, including \$14 million operating and \$1 million in capital matching funds.
- **Social:** state funding is a source of capital/operating assistance which supports transit service
- **Environmental:** state funding helps pay for buses and environmentally-friendly products/practices
- **Governance:** None, routine state requirement

Attachments:

- Public Notice AAATA Proposed FY2019 Operating and Capital Assistance in State and Federal Application
- Resolution of Intent to Apply for Financial Assistance for Fiscal Year 2019 under Act 51, as amended

Author: Julia Roberts

Reviewed by: Forest Yang, John Metzinger, and Matt Carpenter

Approved by: Matt Carpenter

Date: January 11, 2018

PUBLIC NOTICE
Ann Arbor Area Transportation Authority
Proposed FY 2019 Operating and Capital Assistance in State and Federal Application

All citizens are advised that the Ann Arbor Area Transportation Authority (AAATA) has prepared an application to be submitted to the Michigan Department of Transportation for State of Michigan financial assistance for fiscal year 2019 as required under Act 51 of the Public Acts of 1951, as amended, and for federal assistance as required under the Federal Transit Act, as amended.

The AAATA is applying for state funding and federal funding from the Michigan Department of Transportation (MDOT) as shown below:

Funding Source for Operating Assistance	State Application		
Urban Operating Assistance	\$12,972,625		
Formula Non-urban Operating*	\$587,528	*AAATA pass-through of state funds for WAVE and People’s Express	
Section 5311 Non-urban Operating*^	\$263,462		
Specialized Services	\$176,840	^state pass-through of federal funds	
Total State Operating Assistance	\$14,000,455		
Capital and Categorical Assistance	State Match	Federal Funds	Total
Large bus replacements for fixed route service	\$810,420	\$3,241,680	\$4,052,100
Small buses for Senior and ADA service	\$103,000	\$412,000	\$515,000
Non-Revenue support vehicles	\$77,000	\$308,000	\$385,000
Maintenance bus components and equipment	\$52,000	\$208,000	\$260,000
Facilities Rehabilitation	\$63,600	\$254,400	\$318,000
Computer hardware and software	\$31,800	\$127,200	\$159,000
Rider amenities and accessibility	\$21,200	\$84,800	\$106,000
Capital cost of contracting (categorical)	\$140,800	\$563,200	\$704,000
Preventive maintenance (categorical)	\$12,875	\$51,500	\$64,375
Total Capital and Categorical Assistance	\$1,312,695	\$5,250,780	\$6,563,475

AAATA ensures that the level and quality of transportation service is provided without regard to race, color, or national origin in accordance with Title VI of the Civil Rights Act of 1964. For more information regarding Title VI obligations or to file a complaint, contact AAATA at the address below.

The proposed application is on file at AAATA offices, 2700 S. Industrial Highway, Ann Arbor, MI 48104, and may be reviewed until March 16, 2018, weekdays between the hours of 8 a.m. and 5 p.m. It can also be reviewed online at the AAATA website, www.TheRide.org.

Written comments regarding the application and written requests for a public hearing to review the application must be received by March 16, 2018. If a hearing is requested, notice of the scheduled date, time, and location will be provided at least 10 days in advance.

Submittals should be sent with Attn: State Application via mail to AAATA, 2700 S. Industrial Hwy., Ann Arbor, MI 48104 or via email to grants@theride.org.

Resolution 4/2018

**RESOLUTION OF INTENT TO APPLY FOR FINANCIAL ASSISTANCE FOR FISCAL
YEAR 2019 UNDER ACT 51 OF THE PUBLIC ACTS OF 1951, AS AMENDED**

WHEREAS, pursuant to Act 51 of the Public Acts of 1951, as amended (Act 51), it is necessary for the Ann Arbor Area Transportation Authority (AAATA) established under Act 55 of 1955 to provide a local transportation program for the state fiscal year of 2019 and, therefore, apply for state financial assistance under provisions of Act 51; and

WHEREAS, it is necessary for the AAATA, to name an official representative for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51; and

WHEREAS, it is necessary to certify that no changes in eligibility documentation have occurred during the past state fiscal year; and

WHEREAS, the performance indicators for this agency have been reviewed and approved by the AAATA; and

WHEREAS, the AAATA, has reviewed and approved the proposed balanced budget and funding sources of estimated federal funds \$8,911,182, estimated state funds \$15,049,688, estimated local funds \$16,425,054, estimated fare box \$6,977,300, estimated other funds \$2,319,590, with total estimated expenses of \$49,682,814.

NOW THEREFORE, be it resolved that the AAATA hereby makes its intentions known to provide public transportation services and to apply for state financial assistance with this annual plan, in accordance with Act 51; and

HEREBY, appoints Matthew Carpenter as the Transportation Coordinator, for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51 for 2019.

Eric A. Mahler, Chair

Gillian Gainsley, Secretary

January 18, 2018

January 18, 2018

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Finance Committee
Tuesday, January 9, 2018

Present: Mike Allemang (Chair), Eli Cooper (Phone)

Staff: Matt Carpenter, John Metzinger, Phil Webb

The meeting was called to order at 3:33 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the amended agenda by consensus.

b. Communications: Mr. Carpenter reported that an announcement regarding the RTA is expected on January 19.

2) Policy Monitoring and Development

a. Policy Language Discussion: 2.6 Investments

Mr. Metzinger reported on specific recommendations for including the Investment Policy in the Policy Manual. Committee members commented on the recommendation, and Mr. Carpenter and Mr. Metzinger responded to questions.

b. Monitoring Policy: 2.3 Compensation and Benefits

Mr. Carpenter presented a draft Monitoring Report on Policy 2.3 Compensation and Benefits, but did not seek approval. Committee members provided feedback on the report, and Mr. Carpenter responded to questions. In the interest of transparency around the Board's work under the Policy Governance model, the draft report will be included in the board packet.

c. Retreat

Mr. Carpenter provided an updated on development of the Board Retreat agenda.

d. Other Governance Issues: none

3) Strategy and Operational Updates: CEO

a. Millage Update

Mr. Carpenter provided an update on the Millage Renewal. Committee members commented.

b. Budget Calendar

Mr. Metzinger reviewed a draft FY2019 Budget Calendar. Committee members commented.

4) Closing Items

a. Topics for Next Meeting

- Budget Calendar
- Monitoring Report 2.5 Financial Conditions
- Q1 Financial Statement
- FTA Triennial Review

b. Adjournment

Chairman Allemang adjourned the meeting at 5:12 p.m.

Respectfully Submitted,
Karen Wheeler



Issue Brief: AAATA Investment Policy

Meeting: Board of Directors

Date: January 18, 2018

Agenda Item #3b

Recommended Action(s):

- Amend the Board's Policy Manual to adopt new Policy 2.6 (attachment 1), and delete Policy 2.5.6.
- Amend the Board's Policy Manual to add Appendix F (attached).

Prior Relevant Board Actions and Policies:

Policy Manual was adopted June 2017 with *2.6 Investment Policy* "to be added later."

Issue Summary:

Changes to the Policy Manual are recommended to enact an investments policy to comply with state law. These recommendations were developed by the Finance Committee and staff, and are being brought to the Board by the Committee for consideration.

Impacts of Recommended Action(s):

Governance: complete known gap in policy.

Compliance: comply with state law.

Attachments:

1. Recommended Changes to Board Policy Manual
2. Recommended Appendix F
3. Resolution
4. Background: Michigan State Law (PA 20 of 1943)

Author: John Metzinger

Reviewed by: Matt Carpenter

Approved by: Matt Carpenter

Date: January 10, 2018

Attachment 1

CHANGES TO BOARD POLICY MANUAL

Language to be added:

2.6 Investments

The CEO will not fail to invest or hold AAATA capital according to the Board's investing priorities, first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.6.1 Hold AAATA capital in insecure instruments, including federally-uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
- 2.6.2 Deviate from the "Investment Policy to Comply with Michigan PA 20 of 1943" as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to Michigan PA 20 of 1943.

Language to be deleted:

...the CEO shall not

- 2.5.6 Invest or hold operating capital in insecure instruments, including uninsured checking accounts, or bonds of less than AA rating at any time, or non interest-bearing accounts, except where necessary to facilitate ease in operational transactions.

Attachment 2

APPENDIX F

Investment Policy to Comply with Michigan PA 20 of 1943: Investment of Surplus Funds of Political Subdivisions (last rev. 1997)

STATEMENT OF PURPOSE, SCOPE, OBJECTIVES

Cash funds in excess of near-term operating requirements shall be invested first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing. Funds shall be invested with liquidity sufficient to enable the AAATA to meet all operating requirements and in compliance with State of Michigan law. This investment policy applies to all transactions involving the financial assets and related activity of the general fund and any new fund created by the Board of Directors, unless specifically exempted. This policy does not apply to AAATA's employee pension funds which are organized and administered separately.

DELEGATION OF AUTHORITY TO MAKE INVESTMENTS

The Deputy CEO Finance and Administration (CFO), or the Manager of Finance (Controller) as his/her designee, is designated as the investment officer for the AAATA, and is responsible for investment decisions and activities implemented under this policy under the supervision of the CEO and Treasurer. The investment officer is authorized on behalf of AAATA to execute and deliver agreements, documents, or other instruments in connection with or relating to the opening and closing of investment accounts, the purchasing, selling, or redeeming authorized investments, and the safekeeping of investment accounts.

STATEMENT CONCERNING SAFETY, SAFEKEEPING, PRUDENCE

The standard of prudence to be applied by the investment officer to the overall portfolio shall be the "prudent person" rule, which states; "Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived." The investment officer acting in accordance with this policy and exercising prudence shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviations from expectations are reported to the CEO in a timely fashion and appropriate action is taken to control adverse developments.

The status of investments shall be provided along with other financial statements to the Finance Committee and Board of Directors quarterly.

AUTHORIZED INVESTMENT INSTRUMENTS

The following investment instruments are authorized:

1. Certificates of deposit with funds initially invested through a Federal Deposit Insurance Corporation (FDIC) financial institution that maintains a principal office or branch office located in the State of Michigan. This financial institution, acting as custodian, may arrange the investment of funds in certificates of deposit in one or more FDIC insured depository institutions throughout the United States if the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.

The total investment (exclusive of checking accounts) in any one financial institution shall not exceed the lesser of twenty percent (20%) of that financial institution's capital and surplus or \$4,000,000.

2. Bonds and other direct obligations of the United States or any agency or instrumentality thereof with a maturity of three years or less.
3. Governmental Mutual Funds operated by any of the banks listed above which invest only in authorized investments for local units of Government under State Law and which offer daily liquidity.

Attachment 3

Resolution 5/2018

ADOPTION OF INVESTMENT POLICY AND
RELATED CHANGES TO THE BOARD POLICY MANUAL

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) adopted its Policy Manual in June 2017 with *2.6 Investment Policy* to be added later, and

WHEREAS, Michigan State Law (PA 20 of 1943) requires public agencies to have a Board-approved investment policy and requires certain elements to be included;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby adopts the “Investment Policy to Comply with Michigan PA 20 of 1943: Investment of Surplus Funds of Political Subdivisions (last rev. 1997),” and so orders it to be added to the Policy Manual under Appendix F.

BE IT ALSO RESOLVED, that the Board of Directors hereby adopts *Policy 2.6 Investments* and so orders its addition to the Policy Manual.

BE IT ALSO RESOLVED, that the Board of Directors hereby deletes Policy 2.5.6, due to its redundancy with Policy 2.6.

Eric A. Mahler, Chair

January 18, 2018

Gillian Gainsley, Secretary

January 18, 2018

Attachment 4

Background: Michigan State Law (PA 20 of 1943)

State law requires public agencies to have an investment policy (see Section 5 below). Using the Policy Governance framework, the board may opt to meet this requirement by including state compliant language in an appendix to the Policy Manual.

[Michigan PA 20](#), Section 5 requires:

1. Not more than 180 days after the end of a public corporation's first fiscal year that ends after the effective date of the amendatory act that repealed section 2, a governing body, in consultation with the investment officer, shall adopt an investment policy that, at a minimum, includes all of the following:
 - a. A statement of the purpose, scope, and objectives of the policy, including safety, diversification, liquidity, and return on investment.
 - b. A delegation of authority to make investments.
 - c. A list of authorized investment instruments. If the policy authorizes an investment in mutual funds, it shall indicate whether the authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share or also includes securities whose net asset value per share may fluctuate on a periodic basis.
 - d. A statement concerning safekeeping, custody, and prudence.
2. A governing body that as of the effective date of the amendatory act that repealed section 2 has adopted an investment policy that substantially complies with the minimum requirements under subsection (1) is not in violation of this section as long as that policy remains in effect.

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Wednesday, January 10, 2018

Present: Gillian Gainsley, Sue Gott, Roger Hewitt (Chair), Larry Krieg, Kyra Sims

Staff: Matt Carpenter, Bryan Smith, Forest Yang

The meeting was called to order at 9:06 a.m. by Chairman Hewitt.

1) Opening Items

a. Agenda (Additions, Approval)

Dr. Krieg requested addition of an item to discuss Policy 2.1 Treatment of Riders. The Committee approved the amended agenda by consensus.

b. Communications

Mr. Carpenter reported on an anticipated announcement regarding the future of the RTA.

Ms. Gainsley reported on the Water Street Development project.

2) Policy Monitoring and Development

a. Retreat

Chairman Hewitt reported on further development of the agenda for the January 24, 2018 Board Retreat. Committee members shared ideas for discussion topics; particularly:

- Develop a strategic vision for the organization
- Develop a strategic plan based on the strategic vision
- Establish a connection for how the strategic vision and plan will inform the Annual Plan of Work

b. Other Governance Issues – none.

c. Policy Development

Dr. Krieg presented recommendations for edits to Policy 2.1 Treatment of Riders in advance of the Monitoring Report scheduled for February. Committee members and Mr. Carpenter commented on the suggestions. Chairman Hewitt outlined next steps for considering the recommendations as part of the CEO's interpretation.

3) Strategy and Operational Updates: CEO

a. Millage Update

Chairman Hewitt provided an update on Governance Committee discussions regarding the Millage Renewal.

4) Closing Items

a. Topics for Next Meeting

- Monitoring Report 2.1 Treatment of Riders
- Q1 Satisfaction and Service Performance
- Federal Transit Administration (FTA) Triennial Review

b. Adjournment

Chairman Hewitt adjourned the meeting at 10:09 a.m.

Respectfully Submitted,

Karen Wheeler

DRAFT

UNLESS POSTED, LAC MEETINGS ARE HELD THE SECOND TUESDAY OF EVERY MONTH (EXCEPT JULY) FROM 10 A.M. TO 12 NOON AT AAATA's MAIN OFFICE: 2700 S. INDUSTRIAL HWY., ANN ARBOR (734) 973-6500

1.0 INTRODUCTION OF ATTENDEES

LAC Executive Members Present: Kathleen Mozak-Betts, Larry Keeler, Deb Poster, Liz Aldridge, Clark Charnetski, Jody Slowins, Rebecca Burke

LAC Executive Members Absent: Kathy-Alice Koyanagi, Steven McNutt, John Kuchinski,

Board Liaison: No Appointment

TheRide Liaison: Brian Clouse

LAC Members: Cheryl Weber, Andrea Henry (CIL)

LAC Guests: JP Heythaler (Blue Cab), Darryl Johnson (RideCorp), Mary Wells

Commonly Used Acronyms	
AAATA	Ann Arbor Area Transportation Authority
AAA1B	Area Agency on Aging 1B
AADL	Ann Arbor District Library
ADA	Americans with Disabilities Act
BTC	Blake Transit Center
CAC	Citizens Advisory Council (RTA)
CIL	Center for Independent Living
CSR	Customer Service Representatives
ETA	Estimated Time of Arrival
FOIA	Freedom of Information Act
JFS	Jewish Family Services
LAC	Local Advisory Council
MDOT	Michigan Department of Transportation
PPA	Partners in Personal Assistance
PEX	Peoples Express
PMER	Performance Monitoring and External Relations
RICC	Regional Interagency Consumer Committee
RFP	Request for Proposal
RTA	Regional Transportation Authority
SMART	Suburban Mobility Authority for Regional Transportation
WATS	Washtenaw Area Transportation Study
WCC	Washtenaw Community College
WAVE	Washtenaw Area Value Express

2.0 COMMUNICATIONS AND ANNOUNCEMENTS

- 2.1** Ms. Slowins announced a memorial service for Peg Ball will be held at 2pm on January 27, at the Church of the Good Shepherd in Ann Arbor.
- 2.2** Mr. Charnetski updated the LAC on SMART's new FAST service and the Detroit Connector service from the UofM CC Little Building to the UofM Dearborn.
- 2.3** Ms. Mozak-Betts announced the departure of Ms. Carolyn Grawi as Director of the Ann Arbor CIL and applauded her positive contributions to the community.

3.0 REVIEW AND APPROVAL OF MINUTES

- 3.1** The December draft minutes were approved with no amendments.

4.0 PUBLIC COMMENT TIME (5 MINUTE TIME LIMIT PER SPEAKER)

- 4.1** There were no public comments.

5.0 AAATA BOARD MEETING REPORT

- 5.1** Ms. Mozak-Betts reported how the Board honored Mr. Bernard for service to AAATA and official appointment of Ms. Slowins and Ms. Burke to the LAC. She explained the Board's discussion around their code of conduct policy and reported that she extended an open invitation for Board members to attend LAC meetings.
- 5.2** Ms. Mozak-Betts stated that she could not attend the January Board meeting. Mr. Keeler stated that he would attend and report back to the LAC in her absence.

6.0 BUSINESS ITEMS

6.1 Agenda Review

Ms. Mozak-Betts opened the agenda for review and additions. Mr. Charnetski motioned for two new items, Ms. Mozak-Betts motioned for one new item. All items were seconded and placed on the agenda.

6.2 Paratransit Study Update

Mr. DeGroot informed the LAC that a signed contract was received from KFH and that a kickoff meeting within the next month is expected. Mr. DeGroot explained that the completion of the review is estimated for June 2018. Mr. Clouse read aloud from, KFH's website, their experience in delivering paratransit studies.

6.3 West Ann Arbor Health Clinic off Parkland Plaza / Jackson Rd.

Mr. DeGroot informed the LAC that the AAATA regular bus is not able to deviate from Jackson Rd. to this location. Mr. DeGroot suggested that persons able to travel by regular bus transfer to the WAVE bus which serves this location. Mr. Clouse informed the LAC that the location is also within the A-Ride service area.

6.4 Whitmore Lake Express

Mr. DeGroot stated that AAATA is working with MDOT on a weekly basis. He explained that further planning and review of the service is needed and that the timeline for completion is tentative.

6.5 Ann Arbor City Transportation Commission

Mr. DeGroot reported on his attendance at Commission meetings.

Ms. Mozak-Betts expressed interest in LAC members attending these meetings to become more active and aware of issues for persons with disabilities. Mr. DeGroot explained that LAC members attending public meetings beyond the LAC Charge may do so as a member of the general public without stating their representation of AAATA's LAC Board. Open discussion over how LAC executive members can attend these type of meetings and report back to the LAC ensued. The discussion was tabled and moved to next month's meeting agenda under Subcommittee.

6.6 Communications Subcommittee Review

Ms. Mozak-Betts inquired if the subcommittee should be reformed or cancelled. Ms. Weber suggested an overhaul of the subcommittee. Mr. Keeler motioned that a decision to close this subcommittee and the

creation of a new subcommittee be placed on next month's agenda. The motion was seconded and moved to next month's agenda.

6.7 A-Ride Report Card

Mr. Clouse presented the December A-Ride performance report card. He explained the report card is a work in progress and accepted suggestions from the LAC on what they felt important to report on. Open discussion over the definitions the customers pickup window and vehicle on-time arrivals and trip volumes ensued. Mr. Clouse stated the January report card will include LAC suggestions, such as trip volumes, on-time performance, cancellations and no-shows by jurisdiction.

Open discussion regarding using A-Ride as opposed to the regular bus ensued. Mr. Clouse explained that the use of A-Ride was intended as a safety net for eligible riders, that the primary mode of travel is the regular bus and encouraged members to use the regular bus whenever possible.

7.0 PUBLIC COMMENT TIME (5 MINUTE TIME LIMIT PER SPEAKER)

7.1 There was no public comment

8.0 FUTURE AGENDA ITEMS

- Paratransit Study Update (TBA)
- Subcommittee Review
- A-Ride Report Card

9.0 ADJOURN: Meeting unanimously adjourned at 12:00 p.m.

Respectfully Submitted:

Brian Clouse, Paratransit Coordinator

Next Meeting, Tuesday, February 13, 2018, 10:00 a.m. to 12 noon



CEO's Report

Board Meeting Date: January 18, 2018

Agenda Item #4a

Operational and Project Updates:

Due to the holiday season, there are few operational updates this January.

- **Ypsilanti Twp Express Route 81** – The last part of the 5YTIP will be initiated on January 29. The new service provides two non-stop rush hour trips in the morning and afternoon between a Park & Ride lot in Ypsilanti Township and Ann Arbor. Ann Arbor stops will be on the University of Michigan Central/Medical campuses and in the downtown area. For detailed schedule information, visit TheRide.org.
- **Annual Financial Audit** – Plante Moran will have their draft report ready for the Audit Committee to review in January and will present the final audit report to the full Board in February.
- **RTA** – News reports suggest that there may be an announcement from Metro Detroit political leaders on January 19th. Changes to the plan for RTA services is expected to change but details are not yet available.



Issue Brief: AAATA MILLAGE REFERENDUM

Meeting: Board of Directors

Date: January 18, 2018

Agenda Item #4b

Recommended Committee Action(s): That the Board consider staff's recommendation for a renewal/restoration of the 2014 millage at 0.7 mills in August 2018.

Prior Relevant Board Actions and Policies:

- Resolution 10/2014 (January) to adopt the Five-Year Transit Improvement Program for implementation when local funding is secured.
- Resolution 13/2014 (February) to authorize a 0.7 millage question on the ballot for the general election on May 6, 2014.

Background:

The AAATA millage will need to be renewed on or before May 2019 in order to maintain existing transit services. It will be necessary for the Board to make two key decisions: setting a mill rate and setting a date for the referendum. A decision, in principle, on the date and mill rate is required. A following board decision will be needed to approve specific ballot language. The next 5-year millage period would be from 2019-2024.

Issue Summary:

Mill Rate: Staff recommend a status-quo mill rate (0.7mills). This represents a continuation of existing services rather than another expansion. A "renew and restore" millage of 0.7 mills would produce a nominal additional amount of funding (approx. \$98,000) which could be used to augment existing services.

Timing: August 2018 appears to be a viable and attracting date for the AAATA's millage request. There is potential for an RTA millage request in November 2018.

Impacts of Recommended Action(s):

Budgetary/Fiscal: Presently, the proceeds of the 0.7 millage are equal to ~ 11% of AAATA's operating budget. Without these funds, that AAATA would have to reduce services.

Social: A successful renewal of the millage will allow the AAATA to continue to provide the new services that are being used by many people.

Environmental: A successful renewal of the millage will allow the AAATA services to continue to reduce pollution by providing an attractive alternative to the automobile.

Attachment: Resolution

Authors: MB/SPG/MC
 Approved by: Matt Carpenter

Reviewed by: Matt Carpenter
 Date: 12/14/2017

Resolution 6/2018

LANGUAGE DEVELOPMENT FOR BALLOT QUESTION

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) received voter support in 2014 for a 5-year, 0.7 mill property tax for the purpose of expanding public transit services, and

WHEREAS, the AAATA will soon have implemented all aspects of service identified as part of the 2014 plan, and

WHEREAS, the millage will expire naturally in May 2019, and

WHEREAS, a rate of 0.7 mills will be needed in order to maintain transit services for another five years, and

WHEREAS, the Board wishes to submit a question to the voters on the ballot of August 7, 2018, and

WHEREAS, voters in the communities of the City of Ann Arbor, the City of Ypsilanti, and the Charter Township of Ypsilanti, will need to approve said question.

NOW, THEREFORE, BE IT RESOLVED that the Board of the Ann Arbor Area Transportation Authority directs the CEO to develop appropriate ballot language for the Board to consider and ultimately approve for submission to the voters.

Eric A. Mahler, Chair

January 18, 2018

Gillian Gainsley, Secretary

January 18, 2018

2.3 Compensation and Benefits

Monitoring Report

Period: December 1, 2016 - December 1, 2017

Date of Report: Friday, December 29, 2017

Board Survey due: Friday, January 5, 2018

Finance Committee Review: Tuesday, January 9, 2018

Board Review: Thursday, January 18, 2018

TheRide Board of Directors;

In accordance with the Board's Policy Manual; I present the January Monitoring report on **Executive Limitation Policy 2.3: Compensation and Benefits**. This report consists of internal report information from staff. Though these policies were not all in affect during the monitoring period, I have assembled this report as if they were.

I certify that the information is true and complete.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Policy being monitored:

POLICY TITLE: COMPENSATION AND BENEFITS

2.3 With respect to employment compensation and benefits, the CEO will not cause, allow or fail to respond to any situation which jeopardizes to the agency's effectiveness, fiscal integrity, or public image. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

2.3.1 Operate without a compensation and benefits program that attracts and retains highly qualified employees.

2.3.1.1 Offer a benefits program that does not include health insurance.

2.3.2 Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

2.3.3 Change the CEO's own paid compensation and benefits, except to make his or her benefits consistent with a package for all other non-unionized employees, without Board approval.

2.3.4 Operate without a robust, impartial, and transparent process for determining employee compensation.

2.3.4.1 Allow compensation for agency employees (union and non-union), suppliers, or contracted employees to be less than a "living wage", as defined by ordinance of the City of Ann Arbor.

2.3.5 Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that:

A. Incur unfunded liabilities.

B. Provide less than some basic level of benefits to all full time employees.

C. Treat the CEO differently from other senior employees.

Report p.

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Executive Limitations Policy 2.3

With respect to employment compensation and benefits, the CEO will not cause, allow or fail to respond to any situation which jeopardizes to the agency's effectiveness, fiscal integrity, or public image.

Current Interpretation & Rationale

I understand this policy to mean that I am obligated to proactively prevent or resolve situations involving employee compensation that could: risk the agency's ability to deliver Ends outcomes or comply with Executive Limitations policies, allow unaffordable staffing costs in the context of long-term forecasts of revenues and costs, or expose the agency to legitimate criticism of mismanagement that could damage the agency's public reputation and credibility.

Situations that jeopardize effectiveness or fiscal integrity can relate to allowing compensation that is too high or too low. For example, the agency's ability to deliver its Ends outcomes can be eroded if low compensation fails to attract and retain employees with the necessary skills. Conversely, paying too much for staff reduces the amount of funds available for other expenses.

While effectiveness and affordability are chief concerns, public image is also a policy consideration. I interpret jeopardy to public image in this case to mean allowing circumstances where *legitimate* criticisms of mismanagement could damage the AAATA's reputation or credibility. Furthermore, I understand this policy to mean that we are not to over-react to unreasonable or uninformed criticisms in a way that damages the agency's ability to attract and retain employees who possess the skills needed. An appropriate response could vary from constructive changes to operational policies, to letters clarifying why a criticism is seen as unreasonable.

Evidence

All necessary staff positions are filled in a timely manner and temporary lack of staff does not disrupt the long-term effectiveness of the organization.

During preparation of the 2018 Budget, it was recognized that re-prioritization would be needed to staffing expenses. Staff levels were reduced in areas where agency effectiveness would not be impacted. As a result, remaining staff compensation and benefits were not impacted while the overall costs for compensation and benefits were lowered to a more affordable and sustainable level.

Conclusion on Compliance

TBD

Executive Limitations Policy 2.3.1

...the CEO shall not... Operate without a compensation and benefits program that attracts and retains highly qualified employees.

Current Interpretation & Rationale

I define a “**compensation and benefits program**” to mean a comprehensive and purposeful arrangement of all remuneration and benefits in order to ensure certain staffing objectives, such as attractiveness, affordability, fairness and/or ease of use. A haphazard accumulation of isolated decisions is not sufficient. The compensation and benefits program ensures that each position is competitive in the marketplace (see policy 2.3.2), contains no unnecessary deterrents, and is well calibrated and up-to-date for attracting and retaining highly qualified employees.

I define “**highly qualified employees**” to mean paid staff of the AAATA who 1) have credentials and skills appropriate to their duties, 2) are able to fulfill their duties with a high degree of effectiveness and efficiency, and 3) are capable of making constructive contributions to the effectiveness of the agency through individual and team contributions. Employees need not be fully capable upon hire, but must possess the potential to grow and develop.

While compensation is only one factor in attracting highly qualified employees, I interpret this policy to mean that the compensation and benefits offered must be an effective element of recruiting and retaining the desired workforce, and helping the AAATA become a “workplace of choice (policy 2.2.1)”

Evidence

- Competitive positioning of the compensation and benefits in the correct market place as demonstrated by... TBD
- **Retention:** Highly qualified employees rarely opt to leave AAATA because of the compensation/benefits program. In the monitoring period, except for retirements, one non-unionized employee has opted to leave. The rate of annual voluntary turn-over (besides planned retirements) of unionized employees was 2.3% over the monitoring period, which is less than the State and Local Government Sector (~10%), per US Dept of Labor Statistics.
- **Attraction:** Highly qualified job applicants rarely decline an employment offer because of the compensation/benefits program. During 2016-2017 period, the AAATA faced a number of senior level retirements and position vacancies. Although all key positions were filled, on multiple occasions the CEO needed to resort to offering hiring bonuses to offset deficiencies in the AAATA’s benefit program. Specifically, pension contributions do not begin until year 2 of employment. Also, like many organizations, the AAATA is experiencing challenges in recruiting qualified fleet mechanics. In addition, the CEO and Manager of HR have recognized other elements of the compensation and benefits program that are unusual or appear out of date. Due to these concerns, the CEO believes that the current compensation and benefits program is likely out of date and may hamper recruitment in the future.

Conclusion on Compliance

The CEO reports non-compliance in this instance. The Manager of HR will be leading a review of the compensation and a benefits program in 2018 and compliance is anticipated by January of 2019.

Executive Limitations Policy 2.3.1.1

...the CEO shall not... Offer a benefits program that does not include health insurance.

Current Interpretation & Rationale

When a benefits program is offered to full and/or part-time employees (union and non-union), it must include some level of health insurance coverage. However, due to personal circumstances, it is not mandatory that every employee accept health insurance coverage.

Evidence

Presently , all eligible employees (union, non-union, full-time, part-time) have affirmatively enrolled in either one of the group health plans offered by the AAATA or the waiver of medical coverage option Eligibility occurs after a brief waiting period, as described in the labor contract (91 days) or personnel manual (1st day of month after day of hire)

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.3.2

...CEO shall not... Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

Current Interpretation & Rationale

AAATA compensation and benefits must be reasonably comparable with other public sector employers in Southeastern Michigan (e.g. municipal governments and authorities, schools, universities, etc.), other comparable transit employers in Michigan and nearby states, and/or the national transit industry for specific positions.

Evidence

Unionized Wages: Recent (2017) labor negotiations considered comparable at both state and national levels, and resulting agreed-to wages that staff judged to be reasonably in line with industry wages, the Ann Arbor Area's cost of living into account. It should be noted that transit industry unionized agreements offer compensation utilizing a number of facets. A direct comparison of hourly wage rates may not be a sufficient analysis.

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Non-Unionized Wages: The AAATA's current "factor analysis" process and salary range systems need to be recalibrated before they will comply with the CEO's interpretation. Presently, the system attempts to determine AAATA salary ranges in comparison with both public and private sectors in Southeast Michigan.

Benefits: TBD

Conclusion on Compliance

The CEO reports non-compliance in this instance. The Manager of HR will be leading a review of the compensation and a benefits program in 2018 and compliance is anticipated by January of 2019.

Executive Limitations Policy 2.3.3

The CEO shall not... Change the CEO's own paid compensation and benefits, except to make his or her benefits consistent with a package for all other non-unionized employees, without Board approval.

Current Interpretation & Rationale

I understand this policy to mean that the CEO's direct financial compensation, specifically salary/wage and any unique contractual benefits, can only be changed by an act of the Board.

However, changes to benefits that apply to all non-unionized staff can be approved by the CEO. This is necessary to ensure that the CEO can make adjustments to the broader benefits programs in order to remain competitive or reduce costs. For example, if the number of statutory holidays or cell phone reimbursement needed to change, or if a more advantageous dental plan were found, these changes can be approved by the CEO without board approval even if there is an incidental benefit to the CEO, as long as they apply to all non-unionized staff as well as the CEO.

I further interpret this policy to mean that the CEO is not to adjust group benefits for the purpose of providing himself/herself with additional benefits.

Evidence

CEO compensation was first established in his 2015 contract. The only change made to the CEO's compensation occurred in November 2017, when the Board adjusted the CEO's salary via resolution. No other changes have been made.

The CEO continues to receive the same incidental benefits as all other non-unionized employees except, per the original contract, it includes an additional deferred compensation contribution.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.3.4

The CEO shall not... Operate without a robust, impartial, and transparent process for determining employee compensation.

Current Interpretation & Rationale

[IN DEVELOPMENT]

I interpret “compensation” to mean wages and salary, not benefits which are addressed elsewhere.

I interpret “process” to mean a comprehensive, professional system of determining wages that is broadly recognized and credible in the Human Resources industry. The system must be reliable and produce credible results (robust); be free from favoritism, fair, and treat all positions equally (impartial); and comprehensible to a reasonable person (transparent). Such a process is necessary to ensure confidence in salary determinations that seek to balance competitive compensation with the budgetary interests of the AAATA.

Evidence

TBD

Conclusion on Compliance

TBD

Executive Limitations Policy 2.3.4.1

The CEO shall not... Allow compensation for agency employees (union and non-union), suppliers, or contracted employees to be less than a “living wage”, as defined by ordinance of the City of Ann Arbor.

Current Interpretation & Rationale

AAATA employees and contracted employees, and employees of suppliers, will be paid an hourly wage at or above the living wage as defined by the City of Ann Arbor. Ann Arbor’s current living wage is at least \$14.65/hour without health care and \$13.13/hour with health care. Suppliers with contracts under \$10,000 annually, 5 employees (for-profit), or 10 employees (non-profit) are exempt.

AAATA will include a requirement in its procurements for suppliers’ employees working on AAATA contracts (over \$10,000 annually) to be paid at least a living wage, and to judge compliance will collect a sample of data from at least 25% of suppliers with the lowest-average paid employees, completing a scan of all low-wage suppliers within 4 years.

Evidence

- No AAATA union or non-union employee wage or salary is below \$14.65.
- No AAATA contracted employee wage or salary is below \$14.65, including interns.
- All suppliers have signed contracts promising that their employees are paid above the living wage minimum. Out of XXX suppliers, only one is known to not be in compliance. Staff continue to look for opportunities to resolve this, however, we have been unable to find any qualified supplier willing to pay their employees the necessary rate.

Conclusion on Compliance

Not in full compliance.

Executive Limitations Policy 2.3.5

The CEO shall not... Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that:

- A. *Incur unfunded liabilities.*
- B. *Provide less than some basic level of benefits to all full time employees.*
- C. *Treat the CEO differently from other senior employees.*

Current Interpretation & Rationale

I understand this policy to mean that if retirement benefits are created or modified, the AAATA must be able to anticipate the costs associated with those benefits within a reasonable level of accuracy, and that the benefits must be reasonably predictable for employees, and that benefits should accrue to staff in a manner that is consistent (i.e. the same) within categories of employees (e.g. full time and part time).

Furthermore, I understand this policy to mean that:

- A. Any liabilities (costs) associated with retirement benefits must be demonstrably fundable in a long-term budgetary context, and not create a future cost for the AAATA that cannot be covered by reasonably anticipated revenues.
- B. All employees occupying positions classified as full time must have at least a minimum level of benefits. I define minimum level to mean...TBD.
- C. Retirement benefits for the CEO should be the same as those for the Deputy CEOs, unless the Board has agreed to different arrangements in the CEO's employment contract.

Evidence

No retirement benefits have been created or modified within the last year.

Fully Funded: AAATA, from its inception has had a defined-contribution retirement program which is budgeted and fully funded each year. There are no on-going liabilities from year to year.

Many years ago AAATA switched retirement health benefits from the AAATA health benefits to a defined-contribution plan administered by the Michigan Municipal Employee's Retirement System, again resulting in a program that is budgeted and fully funded each year. Eleven retirees who opted not to switch remain on AAATA health care and the on-going cost of \$~90,000 annually is systematically tracked and accounted for in the budget.

Predictable for employees: Employees have full control over their investments within the plan and additional contributions. Retirees can opt to manage their funds outside the plan. Each investment offered in the plan must comply with established parameters. AAATA's financial advisor is currently reviewing the plan's investment options and may make recommendations for improvements in available selections. He is available to all employees for consultation and advice.

Retirement Benefits: All full-time employees are able to be enrolled in a defined-contribution retirement plan after meeting eligibility (1-year waiting period). AAATA contributes a set wage percentage contribution and mandates a contribution of 5% of wages/salary from the employee, with the option of additional employee contribution. All full- and part-time employees are able to participate in a 457 deferred compensation plan.

All employees are eligible to enroll in the retirement health care savings plan (MERS) as described in the labor contract (91 days) or personnel manual (1st day of month after day of hire).

Equitable for Employees: All eligible employees have access to the same AAATA contribution percentages and investment options.

CEO: The CEO has the same defined-contribution and retirement health benefits plans as all other non-unionized AAATA employees, including the Deputy CEOs.

Conclusion on Compliance

In compliance

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