
ANN ARBOR AREA TRANSPORTATION AUTHORITY BOARD OF DIRECTORS

DATE: Thursday, June 21, 2018

TIME: 6:30pm – 9:30pm

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

MEETING CHAIR: Eric Mahler

AGENDA

1) Opening Items	Detail
1. Approve Agenda	
2. Public Comment	
3. General Announcements	
1. GFOA Award	
2) Policy Monitoring and Development	
1. Board's Annual Plan of Work Item & Ends Policies	
1. Ends Task Force: Revised Policies Discussion & Decision	Mahler
2. Policy Monitoring and Committee Reports	
1. Governance Committee	Mahler
a. Millage Campaign	
2. Finance Committee	Allemang
a. Investment Policy Change	
3. Service Committee	Hewitt
3. Other Board Reports & Ownership Linkages	
1. LAC, WATS, A2 Transportation Commission	Mozak-Betts, Krieg, Sims
3) Strategy and Operational Updates: CEO	Carpenter
1. <i>CEO Report</i>	
2. <i>Monitoring Report: 2.11 Communication and Support to the Board</i>	
3. <i>Monitoring Report: 2.0: Global Executive Constraint</i>	
4) Board Development	
5) Emergent Business	
6) Closing Items	
1. Topics for Next Meeting	<i>Thursday, June 21, 2018 @ 6:30pm</i>
2. Public Comment	
3. Closed Session under the Michigan Open Meetings Act, MCLA 15.268 (c), (d), (e) and (h)	
4. Board Assessment of Meeting	
5. Adjournment	

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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?
-

Issue Brief: Ends Policy Update from Ends Task Force

Meeting: Board

Date: June 21, 2018

Agenda Item #

Recommended Committee Action(s):

- That the Board adopt the proposed new Ends policies, developed by the Ends Task Force (Eric Mahler, Larry Krieg, Roger Hewitt).
- Consider removing policies 1.1.4, 1.2.2.2, 1.3.6 from the Ends and directing the relevant Committees to incorporate them into Executive Limitations policies.

Prior Relevant Board Actions and Policies:

- The Board approved its first Ends Policies in June 2017.

Issue Summary: The Ends policies are the mechanisms by which the full Board sets the overall direction for the AAATA, and specifies what outcomes are to be achieved, for whom, and at what worth. The Board reviews the Ends policies annually which sets the direction for the following year's Strategic Business Plan and budget.

Three proposed Ends policies might be more appropriate as Executive Limitations policies: Policy 1.1.4 could be incorporated into policy 2.1 Treatment of Riders (Service Committee), policy 1.2.2.2 could be incorporated into policy 2.8 Asset Protection (Finance Committee), and 1.3.6 could be incorporated into 2.10 External Relations (Service Committee).

Background: In January 2018 the Board attended an off-site Retreat to discuss future directions. Following the Retreat Chairman Mahler created task forces to follow-up on several key actions identified from the Retreat – one of which was updating the Ends policies. The Chair solicited volunteers from the Board and called meetings during which the task force considered the current Ends policies as well as Board comments from the Retreat and the 2015 Sustainability Plan. The task force developed a new approach to the End policies that mirrors earlier work of social, environmental and economic sustainability.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** NA
- **Social:** NA
- **Environmental:** NA
- **Governance:** Policy development is the Board's chief governance function.

Attachment 1: Proposed Ends Policies from Task Force,

Attachment 2: Notes from Board's May discussion of proposed Ends Policies

Attachment 3: Current End Policies (Approved 2017)

Author: MC

Approved by: MC

Reviewed by: MC

Date: June 15, 2018

Attachment 1: Proposed Ends Policies for Consideration¹

1. AAATA exists to provide access to destinations throughout the Ann Arbor-Ypsilanti Area for increasing numbers of residents, workers and visitors via transportation options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

1.1. All residents of the Area can participate fully in society without a personal vehicle.

- 1.1.1. People with low incomes can afford to travel in the Area.
- 1.1.2. People, including those with disabilities or mobility impairments, seniors, minors, and non-English speakers, have equitable access to opportunities in the Area.
- 1.1.3. People with access to a personal car find public transit to be an attractive alternative.
- 1.1.4. *Passengers are highly satisfied with public transportation services that are safe, reliable, courteous, comfortable, convenient, and fast.*

1.2. The Area's natural environment is enhanced.

- 1.2.1. The Area's overall transportation system minimizes energy use and pollution.
 - 1.2.1.1. The Area's carbon footprint is reduced
 - 1.2.1.2. The Area's air is cleaner.
- 1.2.2. The Area's natural resources are conserved.
 - 1.2.2.1. Land development can become more compact and walkable in part because of transportation options.
 - 1.2.2.2. *Agency operations make efficient use of energy, water, materials, and other natural resources; and minimize waste.*

1.3. The Area prospers economically.

- 1.3.1. Workers and students can access employment opportunities without need of a personal vehicle.
- 1.3.2. Employers have access to a diverse labor pool.
- 1.3.3. Visitors have access to the Area.
- 1.3.4. The Area's economy grows despite limited parking and auto congestion.
- 1.3.5. The Area is connected to the Metro Detroit region.
- 1.3.6. *Local leaders are aware of the contribution public transportation makes to the community.*
- 1.3.7. The Authority will remain economically viable in the long term.

¹ Original task force wording has been edited for clarity and Policy Governance formatting on the advice of Rose Mercier. She also noted that proposed policies 1.1.4, 1.2.2.2, and 1.3.6 (*highlighted*) might be more appropriate as Executive Limitations policies on Means.

Attachment 2: Notes From May Discussion

Ann Arbor Area Transportation Authority Board of Directors
Ends Policy Report Notes Thursday, May 17, 2018
Agenda Item No. 3.1.1

Acting Chairperson Gainsley set discussion time for 20 minutes.

Mr. Hewitt began the report:

The draft for the Board discussion came from the Sustainability Study done before he was on the Board. It covered 3 areas: social responsibility, environmental responsibility, economic development. Balancing these is the challenge for the Board. They can't do it all in each area, as much as they would like to.

They removed Customer Satisfaction component. It is recommended to be considered in Executive limitations.

Tonight, they will not go into detailed wordsmithing but will seek feedback on the overall structure of the 3 Ends to pursue and how to balance them all.

Mr. Gururaja commented that he did not read the detail. He likes the structure because of the 3 main goals being balanced. The ridership vs. coverage discussion will help coordinate this. He is interested in how this will play out. The environment is listed 2nd for a reason. The Board should recognize the unintended consequences of decreasing the bus emissions vs. long term change to do it better.

Mr. Hewitt commented that there is not a hierarchy. All areas are equal. The Board will decide the weight of each one. Look at the big picture for the environment. Maybe not use all electric buses but can decrease car usage to decrease emissions. Look at the entire environment such as renewable energy. It would be good to look at each option.

Mr. Allemang commented that he likes the new Ends Policy more than the old one. They did a great job. He agrees about Customer Satisfaction. Equity is one piece of the picture. He likes that the report is broader with increased detail.

Mr. Krieg commented that he would like to eliminate "operations" from 1.2.1.1 and 1.2.2.2 because it is defined in the policy government structure as the CEO and staff. Per Mr. Gururaja, the Board and the organization are not just interested in what buses spew out but in overall emissions. So, remove "operations". It should be what creates the least possible emissions. Transportation uses control over resources and minimizes waste though it's not necessary for the CEO to do this.

Ms. Gainsley commented that she agreed with all that has been said. She likes this report better than the one before. The goal is to move forward and decrease emissions which is good for us and our total carbon footprint. She would like headquarters powered by solar panels and would like the Board to face that decision. She is comfortable with the economics of the report.

Mr. Cooper agrees with all. This is a jump forward. Ms. Gainsley's comments and Mr. Yang's report lead to an End Statement that makes them more proactive in the environment such as with land use and land development. In adapting a vision and an End Statement, the Board should be proactive and leading to create efficiency and integration.

Ms. Gainsley commented that if you conserve natural resources but the density in coverage areas is increasing, what is the efficiency? They contradict each other. We promote "smart growth". How?

Item 1.2.2.1 makes it more compact and walkable. Be more specific with a goal for how transit would promote smart growth.

Mr. Hewitt commented that Rose Mercer helped with the phrasing and structure of the report. She also ran the retreat. Having a hearing about the environment would make them more proactive. How to do that would be a challenge especially with the land development. He gave the example of a medical organization having the goal to cure cancer but it is beyond their budget and financial means. There are tradeoffs to all the ends. To whom and at what cost. Regarding the environment, they will discuss how to develop the land, not just the emissions. They are almost close to their goal therefore need to give staff direction on the budget. He appreciated the comments, especially the positive ones! They have a good direction for the staff moving forward. Use the Ends as a working model to inform the FY2019 budget.

Ms. Gainsley agrees and appreciates the work of the drafting committee. They have enough direction that staff can use for development. She asked Mr. Carpenter if he agreed.

Mr. Carpenter agreed.

Ms. Gainsley asked for before the June Board Meeting they share the proposed Ends with owners and seek input.

Mr. Hewitt commented that the Ends could be adopted at the next meeting because they are close enough.

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Finance Committee

Tuesday, June 12, 2018

Present: Mike Allemang (Chair), Eli Cooper (telephone), Prashanth Gururaja (telephone),
Kyra Sims

Staff: Geri Barnstable, John Metzinger, Phil Webb, Sarah Grynowicz

The meeting was called to order at 3:35 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the agenda by consensus.

b. Communications

Mr. Metzinger announced that Mr. Carpenter was presenting a Millage presentation to the Easter Leadership Group and was not able to attend the Finance Committee Meeting.

2) Policy Monitoring and Development

a. Millage Update

Chairman Allemang reported that the Millage Fundraising Committee continues to meet weekly and that fundraising is having some good success, DTE has donated \$20,000, the website is launched and a Facebook page is up.

Ms. Sims reported that the Ann Arbor Transportation Commission will discuss the Millage at their meeting next week.

3) Strategy and Operational Updates

a. Investment Policy

Mr. Metzinger provided background, particularly that the policy was missing language regarding Operating Cash and other state/federal law. Discussion ensued and Mr. Metzinger reviewed the numbers.

4) Other topics

Mr. Metzinger reported that work is progressing on the 2019 Budget which looks at staffing, projects and the capital plan. It will be ready for the Board on July 13th. He also reported that Mr. Carpenter is working on a Strategic Business Plan and the draft will be available for Board review on July 13th. Both documents will be made public in July.

5) Closing Items

a. Topics for Next Meeting

- Millage Update
- Strategic Business Plan
- Budget
- 3Q Financial Statements

b. Adjournment

Chairman Allemang adjourned the meeting at 4:05 p.m.

Respectfully Submitted,
Geri Barnstable



Issue Brief: Cash & Investment Policy

Meeting: Finance Committee

Date: June 14, 2018

Agenda Item: 3a

Recommended Action(s):

- Amend the Board's Policy Manual to clarify that Policy 2.6 pertains to operating capital in addition to investments.

Prior Relevant Board Actions and Policies:

- Policy Manual was adopted June 2017 with 2.6 Investment Policy "to be added later."
- Policy 2.6 Investments was adopted in January 2018.
 - At this time, the board deleted Policy 2.5.6. as the language was incorporated into Policy 2.6. This deletion inadvertently left the Policy Manual silent on handling of cash needed for operations.

Issue Summary:

Changes to the Policy Manual are recommended to clarify that the Executive Limitations enacted in Policy 2.6 also pertain to *operating capital*, in addition to investment capital. This clarification is necessary after policy changes made in January 2018 inadvertently left the Policy Manual silent on the handling of operating capital.

Impacts of Recommended Actions:

Governance: clarification of Executive Limitation policy.

Attachments:

1. Recommended Changes to Board Policy Manual
2. Prior Policy 2.5.6 Language, which was deleted from the Policy Manual, for reference

Author: John Metzinger

Reviewed by: Matt Carpenter

Approved by: John Metzinger

Date: May 10, 2018

Attachment 1

CHANGES TO BOARD POLICY MANUAL

Language to be modified:

2.6 Cash and Investments

The CEO will not fail to invest or hold AAATA operating and surplus 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.

Notes:

The addition of the descriptors "operating" and "surplus" will clarify that operating capital is that cash which is needed for short-term operations, and surplus capital is the cash in excess of near-term operating requirements (as described in the Board's Investment Policy in Appendix F of the Policy Manual).

Attachment 2

PRIOR POLICY 2.5.6 LANGUAGE

The following language existed in Policy 2.5.6 prior to January 2018, when these limitations were incorporated into the new Policy 2.6 Investments.

...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.

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Wednesday, June 13, 2018

Present: Dr. Larry Krieg, Sue Gott

Staff: Matt Carpenter, Bryan Smith, Forest Yang, Sarah Gryniewicz, Geri Barnstable,

Dr. Krieg was appointed as Temporary Chairman.

The meeting was called to order at 9:05 a.m. by Chairman Krieg.

1) Opening Items

a. Agenda (Additions, Approval)

Chairman Krieg reported that there will be no meeting in July. As only two committee members were in attendance, he suggested having an informal meeting and introduced additional discussion topics, in particular The American Center for Mobility for Board Education and his Ridership vs. Coverage spreadsheet, etc. Mr. Carpenter suggested a Y Lot update and budget timeline under Item 3.

The Committee approved the amended agenda by consensus.

b. Communications

None.

2) Policy Monitoring and Development

a. Millage Update

Mr. Carpenter reported that the Millage Fundraising Committee has launched a website and Facebook page and has started getting donations. DTE donated \$20,000.

3) Strategy and Operational Updates

- a. Monitoring Report 2.0 Global Executive Constraint
Mr. Carpenter presented a preliminary draft of the 2.0 Monitoring Report. Discussion ensued regarding the role of policy and CEO interpretation, what is ethical vs. what is legal, what is acceptable reporting, the veracity of self-reporting vs. 3rd party auditing vs. direct Board inspection, and the importance of transparency and upholding ethical standards.

- 4) Chairman Krieg reported on a Sustainability Toolbox Webinar hosted by Transportation Research Board. Chairman Krieg recommended that John Maddox, CEO of The American Center for Mobility would be a good speaker for Board Education. Ms. Gott also recommended a range of experts at the University of Michigan who can speak about new mobility. Mr. Carpenter suggested they communicate this to the Governance Committee.

- 5) Closing Items
 - a. Topics for Next Meeting
 - Millage Update

 - b. Adjournment

Chairman Krieg adjourned the meeting at 11:00 a.m.

Respectfully Submitted,
Geri Barnstable

JUNE 12, 2018 AAATA Local Advisory Council DRAFT Meeting Minutes

1.0 CALL TO ORDER:

Chairperson Mozak-Betts called the meeting to order at 10:00 a.m.

2.0 INTRODUCTIONS:

LAC Committee Members in attendance: Kathleen Mozak-Betts (Chair), Larry Keeler (Co-Chair), Liz Aldridge, Clark Charnetski, Debra Poster, Stephen McNutt, Jody Slowins, Andrea Henry (CIL)

LAC Committee Members not in attendance: Rebecca Burk (excused)

AAATA Board Liaison: None Appointed

AAATA Staff Liaison: Brian Clouse (Paratransit Coordinator)

LAC General Members: Mary Wells, Janet Nutt, Cheryl Weber

Guests: Bill DeGroot (AAATA), Darry Johnson (RideCorp), Patrick Doherty & Tim Simpson (WISD),

3.0 REVIEW AND APPROVAL OF AGENDA:

Mr. Charnetski proposed an addition to the agenda. The addition was unanimously approved. The agenda was approved as amended.

4.0 REVIEW AND APPROVAL OF MINUTES:

The April meeting minutes were accepted with an amendment to item 8.0

5.0 COMMUNICATIONS AND ANNOUNCEMENT

Ms. Mozak-Betts informed the LAC on the on-going wheelchair study at the UofM and to contact Judy at the CIL to participate. She informed the LAC of AAATA fixed route and ARide service closure on July 4 in observance of Independence Day.

Mr. Charnetski announced the date of the next Ann Arbor Transportation Committee meeting on June 20.

JUNE 12, 2018 AAATA Local Advisory Council DRAFT Meeting Minutes

6.0 PUBLIC COMMENT TIME

- Mr. Simpson inquired who to contact regarding installation of curb cuts.
- Mr. Keeler reported that drivers are not always seeing their riders trip comments.

7.0 BOARD REPORT

Ms. Mozak-Betts provided a report on the May Board meeting.

8.0 NEW BUSINESS

- BUS STOPS: Mr. Murphy gave a power-point presentation on AAATA's bus stop improvement methodology.
- LAC APPOINTMENT: The LAC Executive Committee voted unanimously to recommend to AAATA's Board of directors, the appointment of Ms. Janet Nutt to the LAC Executive Council.
- LAC SUBCOMMITTEE: Ms. Weber updated the LAC on the committee's progress.
- MILLAGE INFO SHEET: Mr. Clouse distributed a millage renewal information sheet.
- QSTRAINT DEMO: A QSTRAINT demo will be held at the August LAC meeting.
- SMART FAST: Mr. Charnetski informed the LAC on the SMART FAST service.
- ARIDE REPORT CARD: This item was deferred to a later meeting date.

9.0 PUBLIC COMMENT TIME

- Mr. Clouse state that Mr. DeGroot and Mr. Roberts will step in as LAC liaison until he returns to office.
- Mr. Keeler inquired on where to take the on-line ARide survey. Mr. DeGroot provided him with AAATA's web address, www.theride.org

10.0 FUTURE NEW BUSINESS ITEMS

- A. QSTRAINT Demo
- B. LAC Executive Appointment
- C. Sub Committee Report
- D. Survey Update

JUNE 12, 2018 AAATA Local Advisory Council DRAFT Meeting Minutes

11.0 ADJOURNMENT

Chairperson Mozak-Betts adjourned the meeting at 12:00 p.m.

Respectfully Submitted by: Brian Clouse, LAC Liaison / AAATA Paratransit Coordinator

Next LAC Meeting: June 12, 2018 from 10:00am – 12 noon.

LAC meetings are held the second (2nd) Tuesday of every month except July, from 10am to 12 noon at the Dawn Gabay Operations Center located at 2700 S. Industrial Hwy. Ann Arbor MI. For more information on AAATA LAC meetings, or to request this or other documents in an alternative format, call **734-794-1702** or email LAC@theride.org.



CEO's Report

Board Meeting Date: June 21, 2018

Agenda Item #4.1

Operational and Project Updates:

2019 Strategic Business Plan and Budget Timeline – While there are no committee or Board meetings scheduled in July, we will be rolling out important documents and want the Board, public and staff to be aware of the approach and timelines.

Each year the Board approves an annual budget for the following fiscal year. This year, the 2019 Budget process will include a new tool for helping to contextualize and prioritize initiatives called a “Strategic Business Plan”. Due to timing considerations, both documents will be released for Board and public review in the next month. Also new this year, we will be making additional efforts to solicit and incorporate public feedback on the draft documents before they are finalized. A timeline is presented below:

- **Week of June 25** – Release draft Strategic Business Plan to Board.
- **July 13** – Release of draft 2019 Budget to Board.
- **July 16** – Release of draft Strategic Business Plan and 2019 Budget to public and staff.
- **Week of August 6** – Board Committees. Internal staff feedback session.
- **Aug 9-15** – CEO's public meeting on draft documents (date TBD).
- **Aug 16** – Formal introduction of Budget to Board. Public Hearing.
- **Week of Sept 10** – Board Committees.
- **September 20** – Date scheduled for Board approval.
- **October 1** – Fiscal year begins.

In the future, it is the intent for the Strategic Business Plan to be released earlier in the year.

Staff Survey – TheRide's first staff survey in many years will be in late June. It will be anonymous and will be used to help identify opportunities to build an even better team, as well as evidence for next year's Monitoring Report on Treatment of Staff.

Governance Support/Staff Development – Matt Carpenter and Sarah Gryniwicz completed an on-line certificate course in Policy Governance.

TheRide

2.11 Communication and Support to the Board

Monitoring Report for the Period: June 1, 2017 to May 31, 2018

Date of Report: Thursday, May 31, 2018

Board Survey due: ----

Board Meeting: Thursday, June 21, 2018

TheRide board;

In accordance with the Board's Policy Manual; I present the June Monitoring report on **Executive Limitation Policy 2.11 Communication and Support to the Board**. I certify that the information is true.

This report is an incomplete initial draft and consists, where possible, of internal report information from staff. Though these policies were not all in affect during the previous year, I have assembled this report as if they were where feasible. Because it is incomplete, I will not be asking the Board to accept this report, however your feedback is desired.

Because this report pertains to the Board itself as internal customers, it would be very helpful to know if there are any aspects of this Monitoring Report that can be improved, or if there are any nuances of providing the Board with information and support that could be improved.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

POLICY TITLE: <i>Communication and Support to the Board</i>	
2.11 The CEO will not permit the Board to be uninformed or unsupported in its work. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	
2.11.1	Withhold, impede, or confound information relevant to the Board’s informed accomplishment of its job.
2.11.1.1	Neglect to submit monitoring data required by the Board in Board-Management Delegation policy “Monitoring CEO Performance” in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy “Delegation to the CEO,” as well as relevant data.
2.11.1.2	Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board’s monitoring schedule.
2.11.1.3	Allow the Board to be without decision information required periodically by the Board, including the agency and situational context and implications for a decision.
2.11.1.4	Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
2.11.1.5	Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes: <ul style="list-style-type: none"> • operational and financial performance metrics • customer satisfaction metrics, • updates on capital improvement projects, • quarterly budget to actual financial reports, • timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000. • unbiased information on industry norms for CEO compensation at least every two years. • advance notification of intended changes to staff rules (unionized or non-unionized), procurement manual, benefits, or compensation structure. • CEO’s personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO’s participation was incidental.

2.11.1.6	Fail to provide Board education on the business of the agency relevant to the public at the request of the Board or in anticipation of the Board’s need to be responsive to community concerns.
	2.11.1.6.1 - Fail to periodically update the Board regarding the longer-term strategic context in which delegated decisions are being made.
2.11.1.7	Let the Board be unaware if, in the CEO's professional opinion, the Board or individual Board members may not be in compliance with the Board’s own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that could be detrimental to the agency’s reputation or the working relationship between the Board and the CEO.
2.11.2	Withhold from the Board and its processes logistical and clerical assistance.
2.11.2.1	Allow the Board to be deprived of a legal, workable, user-friendly mechanism for official Board, officer, or committee communications.
2.11.2.2	Allow the Board to be deprived of pleasant, productive and efficient settings and arrangements for Board and committee meetings.
2.11.2.3	Hinder access to the Board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.
2.11.2.4	Neglect to transfer policy updates to the official record of the Board’s Policy Manual in a timely manner.

Executive Limitations Policy 2.11

The CEO will not permit the Board to be uninformed or unsupported in its work.

Current Interpretation & Rationale:

I interpret this policy to mean that I am to proactively help the Board be successful, and that the Board must have whatever information, context, background, or assistance it may need from the CEO in order to meet its duties as identified in section 3.0 and 4.0 of the Board's Policy Manual. This includes whatever information or support the *full Board* requests or requires and whatever information or support I perceive would be helpful to them in their work. I further interpret this policy to refer to the *full Board*, rather than individual board members, although staff can and will assist individual Board members, officers and committees as much as possible (see policy 4.1.2).

Although the CEO's obligations are to the *full Board*, the Board has delegated certain responsibilities to the Chairperson (see policy 3.5, and bylaws), and the the Governance Committee (policy 3.7.1, and bylaws Article V, page 5). I interpret these intentional delegations to mean that certain information or support should first be provided to the Chair or Governance Committee who then is responsible for how that information is disseminated to the full Board. At the same time, the CEO should work to ensure that as much as practical important information is available to all Board members equally.

Additional interpretation of this policy is comprehensively covered in interpretations of the following sub-policies.

Evidence:

Evidence of compliance with sub policies below provides evidence of compliance with this policy.

Executive Limitations Policy 2.11.1

...The CEO shall not...Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that the CEO and staff are to provide accurate, clear, timely, and contextualized information to the Board that supports the Board in fulfillment of the roles and duties it has assigned to itself via its Policy Manual, and specifically policy sections 3.0 and 4.0.

Furthermore, I interpret this policy to require the CEO and staff to always provide accurate, honest, timely information that provides the context necessary for the Board to understand the issues at hand. The CEO is not to allow omission or obstruction of relevant information. The CEO is not to allow information that is, in their opinion, irrelevant, distracting, or misleading.

Should the Board wish to directly gather information itself, for example by direct inspection, the CEO will ensure complete support for the Board.

Evidence:

TBD

I worked to ensure that the Governance Committee had a stronger role in the annual Board Retreat, in selecting the facilitator, and helping to design the agenda.

I worked to recruit Board members who will help to select the next general counsel, as part of a natural purchasing effort.

Executive Limitations Policy 2.11.1.1

...The CEO shall not...Neglect to submit monitoring data required by the Board in Board-Management Delegation policy "Monitoring CEO Performance" in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy "Delegation to the CEO," as well as relevant data.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that draft monitoring reports will

- Be provided to the board and/or committee by the due dates established in the Policy Manual's Appendix A,
- Be complete (eg Have an operational interpretation and evidence for each policy), and
- Be judged as acceptable to the board using the "reasonable person" test.

Evidence:

In this first year of Policy Governance I have delivered a Monitoring Report before each pertinent committee date, but not by the stated due date (end of the previous month). We are not fully compliant in this area. Staff will work to improve consistent timeliness during 2018/2019.

About 60% of policies have had an operational interpretation and evidence. We are not fully compliant in this area. Staff will work to improve consistent timeliness during 2018/2019.

Of the XX monitoring reports submitted in this period, I have asked the Board to accept XX of them. Of those, the Board has deemed Y to be reasonable. We are not fully compliant in this area. Staff will work to improve consistent timeliness during 2018/2019.

Monitoring Report	On Schedule?	Interpretation Accepted?	Evidence Accepted?	Board Conclusion
2.1	TBD	TBD	TBD	TBD
2.2	TBD	TBD	TBD	TBD
2.3	TBD	TBD	TBD	TBD
2.4	TBD	TBD	TBD	TBD
2.5	TBD	TBD	TBD	TBD
2.6	TBD	TBD	TBD	TBD
2.7	TBD	TBD	TBD	TBD
2.8	TBD	TBD	TBD	TBD
2.9	TBD	TBD	TBD	TBD
2.10	TBD	TBD	TBD	TBD
2.11	TBD	TBD	TBD	TBD
2.0	TBD	TBD	TBD	TBD

In addition, staff developed a calendar for Board work, agendas, monitoring reports and other issues that attempts to comprehensively list all Board scheduled reports and activities.

Executive Limitations Policy 2.11.1.2

...The CEO shall not...Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.

Compliance: in compliance

Current Interpretation & Rationale:

I interpret this policy to mean that once the CEO becomes aware that the agency is not, or likely will not, comply with an adopted Ends or Executive Limitation policy, they will make the Board or the Governance Committee aware in a timely manner (regardless of the schedule for Monitoring Reports). The CEO must demonstrate sound judgment in gauging urgency, and the speed with which they make the Board aware. This policy is limited to risks of non-compliance with existing policy.

Evidence:

During the monitoring period I submitted an initial compliance report to the board committees (March 2018) estimating compliance with each Executive Limitation policies. The estimates were based on my professional judgment and often in the absence of objective information.

Executive Limitations Policy 2.11.1.3

...The CEO shall not...Allow the Board to be without decision information required periodically by the Board, including the agency and situational context and implications for a decision.

Compliance:

TBD

Current Interpretation & Rationale:

TBD

Evidence:

Staff have provided quarterly Financial Statement and Service Performance Reports as scheduled throughout the monitoring period.

The CEO presented the Board with a 5-year labor contract, which the Board approved in July 2017.

Staff presented the Board with a recommended 2018 Budget in August 2017. The Budget was approved in September 2018.

The Board approved ballot language for a property tax millage in March 2018.

Executive Limitations Policy 2.11.1.4

...The CEO shall not... Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that all items on Board or committee agendas must be accompanied by an briefing that summarizes the issue at hand, the background and context, and that clearly identifies the issue/information as “monitoring” “decision preparation”, or “other” which includes “For Information”.

I further interpret this policy to mean that information presented to the Board in writing, spoken, or visually must be carefully presented so that it helps the Board to clearly and quickly see the relevant issues, and places details in a proper context.

Evidence:

Of all agenda items in the past year, I estimate that about 90% have included “Issues Briefs” summary tools that summarize matters coming before the Board in 1-3 pages. However, those Issue Briefs generally do not clearly indicate “monitoring” “decision preparation”, or “other” which includes “For Information”. This will be changed to be compliant by September 2018.

Throughout the year a large volume of information has been presented to the Board on many subjects. I have received no complaints or concerns about the quality of the communication provided by staff.

Executive Limitations Policy 2.11.1.5

...The CEO shall not... Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes:

- *operational and financial performance metrics*
- *customer satisfaction metrics,*
- *updates on capital improvement projects,*
- *quarterly budget to actual financial reports,*
- *timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000.*
- *unbiased information on industry norms for CEO compensation at least every two years.*
- *advance notification of intended changes to staff rules (unionized or non-unionized), procurement manual, benefits, or compensation structure.*
- *CEO's personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO's participation was incidental.*

Current Interpretation & Rationale:

I interpret this policy to mean that the CEO must, in a timely manner, make the Board aware of significant changes, either internally or in the external environment, that can or may jeopardize the agency's ability to achieve the Board's Ends or comply with any Means policy. Examples of such changes include: threats to our reputation, financial stability, or political support. I further interpret this policy to mean that, even though the CEO may adjust their interpretation as circumstances warrant, they should communicate any significant changes to the Board in a timely manner. This policy is informally known as part of the "no surprises" clause.

I further interpret this policy to mean that the Board has already identified specific pieces of information that it would like to routinely receive.

Evidence:

Throughout the past year I have brought information to the attention of the Board and/or Governance Committee.

Specifically requested information is provided via a set of regular reports:

- **Operational performance metrics** - Provided via quarterly Service Reports in FY 2017 Q4, FY 2018 Q1, FY 2018 Q2 (added Paratransit).
- **Quarterly budget to actual financial reports & financial performance metrics** – Provided via Quarterly Financial Reports in FY 2017 Q4, FY 2018 Q1, FY 2018 Q2
- **Customer satisfaction metrics** - biannual On-Board survey provided by Hugh Clark in FY 2018Q2.
- **Capital Project Updates** – The CEO may have failed to provide a scheduled update. There are no major capital project ongoing at this time. Non-Compliant.
- **Notification of budgeted items over \$250,000** ... -
- **Notification of Grant awards over \$100,000** ... –

- **CEO Compensation** – A report was provided to the Governance Committee by the HR Department in mid-2017.
- **Advance notice of intended changes** - As part of Monitoring Reports, I noted areas of non-compliance and my intention to update several key internal technical documents within the next year. Those updates and the dates the Board was informed were: Compensation Structure (January 2018), Procurement Manual (February 2018), and Staff Handbook (May 2018).
- **CEO Expenses** – Quarterly CEO expense reports provided to Governance Committee on following dates: March 2017, May 2017, September 2017, December 2017, and March 2018.

Executive Limitations Policy 2.11.1.6

...The CEO shall not... Fail to provide Board education on the business of the agency relevant to the public at the request of the Board or in anticipation of the Board's need to be responsive to community concerns.

Compliance:

TBD

Current Interpretation & Rationale

I interpret this Policy to mean that, to the extent possible, the Board is made aware of questions regarding the agency's activities *before* those concerns are identified in public. For example, Board members should first learn about potential concerns from the CEO, rather than from the media or outside sources. However, it will not be possible to anticipate all questions or decisions of outside actors. Furthermore, the CEO should ensure that the Board is provided with background, context and other information so that they can effectively respond, should a response from the Board be necessary.

Further, the CEO will suggest items for the Board's Annual Plan of Work in part based on this charge.

Evidence:

Throughout the monitoring period, I have attempted to make the Board and/or Governance Committee aware of many issues in advance.

The Annual Plan of Work and Board Education included three items that have been presented during the monitoring period:

1. Bus Stop Program – April 2018
2. Ridership and Coverage – May 2018
3. Strategic Business Plan – A mock up was presented and discussed in March 2018.

In addition, several discussions of potential real estate transactions have been held in closed session.

In October 2018, the Michigan Department of Transportation and the CEO made a joint presentation to the Board regarding a proposal for express bus service on US-23.

Executive Limitations Policy 2.11.1.6.1

...The CEO shall not... Fail to periodically update the Board regarding the longer-term strategic context in which delegated decisions are being made.

Compliance:

TBD

Current Interpretation & Rationale

I interpret this policy to mean that at a minimum on an annual basis, I will present a multi-year corporate planning document that describes the situational context of the agency (SWOT) and how the agency will pursue the Board's Ends. In addition, I will provide updates as circumstances evolve throughout the year.

Evidence:

In 2018, the FY 2018 Budget provided a rolling ten-year capital plan and rolling 5-year operating work plan.

In March 2018 the CEO presented the Board with a mockup of a Strategic Business Plan that, when completed, provided additional long-term context.

Executive Limitations Policy 2.11.1.7

...*The CEO shall not*... Let the Board be unaware if, in the CEO's professional opinion, the Board or individual Board members may not be in compliance with the Board's own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that could be detrimental to the agency's reputation or the working relationship between the Board and the CEO.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that, since the CEO cannot hold Board members accountable for compliance with Board policies, the CEO is to consistently report incidents of likely non-compliance with sections 3.0 or 4.0 so that the Board may learn and improve. This should be done in a discrete but timely manner.

I further interpret "*...may not be in compliance...*" in this context to mean incidents of more than passing or inconsequential non-compliance. This also includes situations where the CEO is not certain, as these situations may help the Board address unforeseen circumstances.

I further interpret this policy, and the broader Policy Manual to imply a process for taking action under this policy. As the full Board has made delegations, the CEO should utilize those delegations. In these circumstances, it is the CEO's role to report, and the Board's role to take action. Concerns should first be brought to the Chief Governance Officer (Chair) as per Policy 3.5, and then the Governance Committee as per 3.7.1, and if necessary the full Board as per 3.1.7. If the CEO has concerns with the Chair or Governance committee themselves, under 3.1.7 they are to share those concerns with the full Board.

Evidence:

In November 2017 I brought one instance of non-compliance to the attention of the Chair and the Governance Committee.

Executive Limitations Policy 2.11.2

...The CEO shall not... Withhold from the Board and its processes logistical and clerical assistance.

Compliance:

TBD

Current Interpretation & Rationale:

TBD

Evidence:

TBD

Executive Limitations Policy 2.11.2.1

...The CEO shall not... Allow the Board to be deprived of a legal, workable, user-friendly mechanism for official Board, officer, or committee communications.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that staff will administrative coordinate monthly board and committee meetings, including creating and disseminating agendas and information packets. Further, staff will ensure that all board meeting information meets the requirements of the Open Meetings Act: that agenda and packets are posted at least 18 hours before a meeting, are publicly available, and that minutes are kept. A similar process will be provided for committee meetings.

I further interpret this policy to mean that staff will assist the Board in arranging their annual Retreat.

Evidence:

During the monitoring period all public packets have been available at least 5 days before the meeting, most have been available seven days before the meeting.

The Board's annual Retreat was held successfully in January 2018.

All meeting locations were in locations accessible via public transit, and all public meetings complied with the Open Meetings Act.

Executive Limitations Policy 2.11.2.2

...The CEO shall not...Allow the Board to be deprived of pleasant, productive and efficient settings and arrangements for Board and committee meetings.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that, subject to further Board requirements, monthly Board meetings will be held in a publicly accessible, centrally located facility that is accessible by public transit. Typically, this is the downtown Ann Arbor Library or the Dawn Gabay Operations Center (DGOC) at 2700 S. Industrial Highway.

Meeting spaces will be appointed appropriately for the relevant meeting. Meeting tables and chairs are required. Light refreshments may be provided.

Evidence:

All Board meetings during the last year were held at the downtown library and met the above criteria. I am not aware of any concerns with this space.

Committee meetings were held at the DGOC Board room which meets the set criteria. I am not aware of any concerns with this space.

The Board Retreat meeting was held off-site at a location that met the set criteria in addition to having work space. I am not aware of any significant concerns with this space.

Executive Limitations Policy 2.11.2.3

...The CEO shall not... Hinder access to the Board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that I may not withhold public meeting time or Board member contact information when requested, or prevent a person from participating lawfully in public comment time.

Evidence:

TBD

Executive Limitations Policy 2.11.2.4

...The CEO shall not... Neglect to transfer policy updates to the official record of the Board's Policy Manual in a timely manner.

Compliance:

TBD

Current Interpretation & Rationale:

I interpret this policy to mean that staff will re-publish an updated Policy Manual on theride.org and send an electronic copy to board members after a Board motion amending the Policy Manual. Amendments will be recorded in Policy Manual Appendix E.

Paper copies will be available upon request.

Evidence:

The Board amended the Policy Manual in January, the new version with an updated Appendix E is on theride.org and was sent to board members at that time, albeit there was a minor delay.

(To be filled in based on Board action after submission)

Policy: 2.11 Communication and Support

Date Submitted: May 31, 2018

Date of Board Response: June 21, 2018

The Board has received and reviewed the CEO's Monitoring Report references above. Following the Board's review and discussion with the CEO, the Board makes the following conclusions:

Executive Limitations Report (select one)

The Board finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is **not** in compliance or is **not** making reasonable progress toward compliance
- E. Cannot be determined.

Board notes:

TheRide

2.0 Global Executive Constraint

Monitoring Report for the Period: June 1, 2017 to May 31, 2018

Date of Report: Thursday, June 14, 2018

Board Meeting: Thursday, June 21, 2018

TheRide board;

In accordance with the Board's Policy Manual; I present the June Monitoring report on **Executive Limitation Policy 2.0 Global Executive Constraint**. I certify that the information is true.

This report is an incomplete initial draft. Because it is incomplete, I will not be asking the Board to accept this initial Monitoring Report of policy 2.0 at this time. However, your feedback is desired.

In general, I have every reason to believe that TheRide is complying with its legal, ethical and moral obligations under this policy. However, I recognize that the interpretations and evidence in this initial Monitoring Report are only a step towards full transparency in these areas.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Executive Limitations Policy 2.0

The CEO shall not cause, allow or fail to address any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

Compliance: Likely in compliance, but evidence incomplete.

Current Interpretation & Rationale:

I interpret this policy to mean that we must ensure that the organization's actions comply with relevant laws, demonstrate forethought and care for the consequences of our actions, demonstrate good judgement, take only reasonable risks, and Furthermore,

- With respect to the requirement for **lawfulness**, I interpret this policy to mean that we must know ALL of the laws which apply to the AAATA, understand our obligations, and take proactive steps to ensure we are in compliance. When we enter new or rarely-used areas of business (i.e. real estate development, incorporating legislation, etc), we will need to take steps to understand unfamiliar legal requirements.
- I interpret the requirements for **prudence and common business practices** to be further outlined in subsequent Board policies (2.1-2.11). Compliance, or lack thereof, with those sub policies is demonstration of compliance with these requirements, and no addition evidence will be presented under policy 2.0.
- I interpret the requirement for professional **ethics** to mean that we must have clear, written ethical standards for staff, that staff are aware of these requirements, and standards are enforced.

This is the ideal state of the entire agency. As a practical matter, there will be moments where we identify gaps in our performance or new standards arise. In those instances, as soon as a deficiency is identified, the CEO is required to begin the process of resolving the matter and ensuring compliance.

Evidence:

Lawfulness

During the monitoring period neither the AAATA nor its staff have been formally charged with violating a law, nor found guilty of violating any laws (aside from minor traffic infractions). To my knowledge, we have fulfilled all of our legal obligations.

During the monitoring period we uncovered three incidents on inadvertent non-compliance:

- The Board Policy Manual policies regarding investments were updated to ensure compliance with Michigan PA 20 of 1943 (Investment of Surplus funds of Political Subdivisions).
- Budget Act of 1968 requires a public hearing before the board adopts a budget and specific language in the approval resolution. We will start doing this in the 2019 budget cycle.
- There have been numerous momentary incidents where routine traffic laws have not been followed. In such cases, AAATA management staff provide corrective action via coaching, discipline or terminal as per our negotiated collective agreement with our union.

The AAATA is required to comply with a wide variety of federal, state and local laws. Unfortunately, there is no comprehensive inventory of all of the legal requirements for the AAATA. Without this inventory it is difficult to demonstrate that the AAATA follows ALL legal requirements. In this respect we cannot demonstrate our degree of compliance. Over the next two years, we will work to establish a full list of requirements so as to provide more complete evidence of compliance.

However, we are aware of many, if not most, of our legal obligations, and are confident in our compliance with the most important and most common of them.

- Federal legal requirements are reviewed every three years by the Federal Transit Administration in a triennial audit. Federal laws reviewed in those regular audits include but are not limited to: Transit provision laws, Procurement, Buy America, Americans with Disabilities Act, Title VI, FOIA, auditing, labor law, workplace safety law, vehicles operations rules/regulations, etc. The 2016 Triennial Review found no incidents of non-compliance. The 2018 Triennial review will begin in the fall of 2018.
 - Employment laws retaining to the AATA include: Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FLMA), Whistleblower Protection Act (WPA), False Claims Act, Equal Employment Opportunity Act, Title VII, Civil Rights Act, Equal Pay Act, Age Discrimination in Employment Act, OSHA, COBRA, HIPAA, and others.
- State of Michigan legal requirements are not well documented or communicated by the State. Monitoring and enforcing appears to be initiated based on complaints. As such, we are largely on our own to determine requirements and compliance. Common laws with obligations for us include: Act 55 (enabling legislation), Open Meetings Act, Incompatibilities of Public Offices Act, election laws, traffic laws, and Act 51 (regarding transportation funding). There is a need for a better understanding and documentation of Michigan laws.
- Local laws are primarily traffic rules, infrastructure rules, and zoning.

Ethics

Ethics requirements for AAATA staff are found throughout the 2012 Management Personnel Handbook. However, they are somewhat dated and not easy to understand. While, these existing rules meet the standard called for in my interpretation above, we will be updating them along with the Handbook in 2018/2019. These updates will need to review and incorporate more recent Board decisions regarding ethics contained in Executive Limitations policies.

(To be filled in based on Board action after submission)

Policy: 2.0 Global Executive Constraint

Date Submitted: June 14, 2018

Date of Board Response: June 21, 2018

The Board has received and reviewed the CEO's Monitoring Report references above. Following the Board's review and discussion with the CEO, the Board makes the following conclusions:

Executive Limitations Report (select one)

The Board finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is **not** in compliance or is **not** making reasonable progress toward compliance
- E. Cannot be determined.

Board notes: